



QUARTERLY STATEMENT

AS OF SEPTEMBER 30, 2008
OF THE CONDITION AND AFFAIRS OF THE

Group Hospitalization and Medical Services, Inc.

NAIC Group Code	0380	0380	NAIC Company Code	53007	Employer's ID Number	53-0078070
	(Current Period)	(Prior Period)				
Organized under the Laws of	District of Columbia		State of Domicile or Port of Entry	District of Columbia		
Country of Domicile	United States					
Licensed as business type:	Life, Accident & Health []		Property/Casualty []	Hospital, Medical & Dental Service or Indemnity [X]		
	Dental Service Corporation []		Vision Service Corporation []	Health Maintenance Organization []		
	Other []		Is HMO, Federally Qualified? Yes [] No []			
Incorporated/Organized	08/11/1939		Commenced Business	03/15/1934		
Statutory Home Office	840 First Street NE		Washington, DC 20065			
	(Street and Number)		(City, State and Zip Code)			
Main Administrative Office	10455 Mill Run Circle		Owings Mills, MD 21117	410-581-3000		
	(Street and Number)		(City or Town, State and Zip Code)	(Area Code) (Telephone Number)		
Mail Address	10455 Mill Run Circle		Owings Mills, MD 21117			
	(Street and Number or P.O. Box)		(City or Town, State and Zip Code)			
Primary Location of Books and Records	10455 Mill Run Circle		Owings Mills, MD 21117	410-998-7011		
	(Street and Number)		(City, State and Zip Code)	(Area Code) (Telephone Number)		
Internet Website Address	www.carefirst.com					
Statutory Statement Contact	William Vincent Stack		410-998-7011			
	(Name)		(Area Code) (Telephone Number) (Extension)			
	bill.stack@carefirst.com		410-998-6850			
	(E-Mail Address)		(Fax Number)			

OFFICERS

Name	Title	Name	Title
Chester Emerson Burrell	President and Chief Executive Officer	John Anthony Picciotto	Corp.Secretary, Exec. VP & Gen. Counsel
Jeanne Ann Kennedy	Corp. Treasurer & VP		

OTHER OFFICERS

David Donald Wolf	Exec VP, Med Sys'ts, Corp Dev	Gregory Mark Chaney	Exec. VP & CFO
Gregory Allen Devou	Exec VP, Chief Mktg Office	Gwendolyn Denise Skillern	Sr.VP and General Auditor
Michael John Felber	SVP, Sales	Livio Renato Broccolino	Deputy General Counsel
Sharon Jean Vecchioni	Exec VP, Chief of Staff	Rita Ann Costello	Sr. VP, Strategic Marketing
Jon Paul Shematek, M.D.	Chief Medical Officer	Kenny Waitem Kan	Sr. VP, Chief Actuary
Alok Gupta	Sr. VP, Chief Information Officer		

DIRECTORS OR TRUSTEES

Michel Llewellyn Daley	Elizabeth Lisboa-Farrow	Robert Marcellus Willis	Natalie Olivia Ludaway
James Wallace	Larry Donovan Bailey	Nathaniel Thomas Connally	Robert Lee Sloan
Linda Washington Cropp	Carlos Mario Rodriguez	Faye Ford Fields	Ralph John Rohner

State of _____
County of _____ SS

The officers of this reporting entity being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

Chester Emerson Burrell President and Chief Executive Officer	John Anthony Picciotto Corp.Secretary, Exec. VP & Gen. Counsel	Jeanne Ann Kennedy Corp. Treasurer & VP
a. Is this an original filing? Yes [X] No []		
b. If no,		
1. State the amendment number _____		
2. Date filed _____		
3. Number of pages attached _____		

Subscribed and sworn to before me this _____ day of _____, _____

ASSETS

	Current Statement Date			4 December 31 Prior Year Net Admitted Assets
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	
1. Bonds	705,544,303		705,544,303	680,456,306
2. Stocks:				
2.1 Preferred stocks	6,670,772		6,670,772	6,993,139
2.2 Common stocks	256,227,323		256,227,323	269,941,574
3. Mortgage loans on real estate:				
3.1 First liens	0		0	0
3.2 Other than first liens	0		0	0
4. Real estate:				
4.1 Properties occupied by the company (less \$ encumbrances)	0		0	0
4.2 Properties held for the production of income (less \$ encumbrances)	0		0	0
4.3 Properties held for sale (less \$ encumbrances)			0	0
5. Cash (\$ (77,999,482)), cash equivalents (\$ 0) and short-term investments (\$ 85,309,579)	7,310,097		7,310,097	5,961,415
6. Contract loans, (including \$ premium notes)	0		0	0
7. Other invested assets	672,701	166,667	506,034	0
8. Receivables for securities	0		0	0
9. Aggregate write-ins for invested assets	0	0	0	0
10. Subtotals, cash and invested assets (Lines 1 to 9)	976,425,196	166,667	976,258,529	963,352,434
11. Title plants less \$ charged off (for Title insurers only)	0		0	0
12. Investment income due and accrued	6,315,030		6,315,030	6,273,913
13. Premiums and considerations:				
13.1 Uncollected premiums and agents' balances in the course of collection	273,710,295	439,520	273,270,775	228,002,511
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ earned but unbilled premiums)	0		0	0
13.3 Accrued retrospective premiums	0		0	0
14. Reinsurance:				
14.1 Amounts recoverable from reinsurers	0		0	0
14.2 Funds held by or deposited with reinsured companies	0		0	0
14.3 Other amounts receivable under reinsurance contracts	711,920		711,920	624,393
15. Amounts receivable relating to uninsured plans	53,469,851	1,042,306	52,427,545	55,722,352
16.1 Current federal and foreign income tax recoverable and interest thereon	0		0	5,297,341
16.2 Net deferred tax asset	16,743,956	6,831,005	9,912,951	6,911,952
17. Guaranty funds receivable or on deposit	0		0	0
18. Electronic data processing equipment and software	60,452,998	59,009,451	1,443,547	1,886,090
19. Furniture and equipment, including health care delivery assets (\$)	4,454,889	4,454,889	0	0
20. Net adjustment in assets and liabilities due to foreign exchange rates	0		0	0
21. Receivables from parent, subsidiaries and affiliates	6,148,807	15,990	6,132,817	1,477,208
22. Health care (\$ 48,308,374) and other amounts receivable	437,675,601	4,911,217	432,764,384	427,657,796
23. Aggregate write-ins for other than invested assets	33,119,560	30,788,919	2,330,641	2,338,315
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23)	1,869,228,103	107,659,964	1,761,568,139	1,699,544,305
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			0	0
26. Total (Lines 24 and 25)	1,869,228,103	107,659,964	1,761,568,139	1,699,544,305
DETAILS OF WRITE-INS				
0901.				
0902.				
0903.				
0998. Summary of remaining write-ins for Line 9 from overflow page	0	0	0	0
0999. Totals (Lines 0901 through 0903 plus 0998)(Line 9 above)	0	0	0	0
2301. Other Assets	2,330,641		2,330,641	2,338,315
2302. Other Assets Non-Admitted	30,788,919	30,788,919	0	0
2303.			0	0
2398. Summary of remaining write-ins for Line 23 from overflow page	0	0	0	0
2399. Totals (Lines 2301 through 2303 plus 2398)(Line 23 above)	33,119,560	30,788,919	2,330,641	2,338,315

LIABILITIES, CAPITAL AND SURPLUS

	Current Period			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$ reinsurance ceded)	355,177,498	47,378	355,224,876	298,340,241
2. Accrued medical incentive pool and bonus amounts	0		0	0
3. Unpaid claims adjustment expenses	9,426,543	1,257	9,427,800	8,827,800
4. Aggregate health policy reserves	384,456,009		384,456,009	384,456,009
5. Aggregate life policy reserves	0		0	0
6. Property/casualty unearned premium reserve	0		0	0
7. Aggregate health claim reserves	0		0	0
8. Premiums received in advance	73,484,275		73,484,275	64,973,791
9. General expenses due or accrued	82,670,671		82,670,671	88,848,986
10.1 Current federal and foreign income tax payable and interest thereon (including \$2,148,170 on realized gains (losses))	3,136,527		3,136,527	0
10.2 Net deferred tax liability	0		0	0
11. Ceded reinsurance premiums payable	0		0	0
12. Amounts withheld or retained for the account of others	43,720,577		43,720,577	45,325,093
13. Remittances and items not allocated	3,405,419		3,405,419	4,164,275
14. Borrowed money (including \$ current) and interest thereon \$ (including \$ current)	0		0	0
15. Amounts due to parent, subsidiaries and affiliates	11,681,238		11,681,238	18,085,523
16. Payable for securities	0		0	0
17. Funds held under reinsurance treaties with (\$ authorized reinsurers and \$ unauthorized reinsurers)	0		0	0
18. Reinsurance in unauthorized companies	0		0	0
19. Net adjustments in assets and liabilities due to foreign exchange rates	0		0	0
20. Liability for amounts held under uninsured plans	27,490,372		27,490,372	25,989,928
21. Aggregate write-ins for other liabilities (including \$644,891 current)	7,739,024	0	7,739,024	6,973,737
22. Total liabilities (Lines 1 to 21)	1,002,388,153	48,635	1,002,436,788	945,985,383
23. Aggregate write-ins for special surplus funds	XXX	XXX	0	0
24. Common capital stock	XXX	XXX	0	0
25. Preferred capital stock	XXX	XXX	0	0
26. Gross paid in and contributed surplus	XXX	XXX	0	0
27. Surplus notes	XXX	XXX	0	0
28. Aggregate write-ins for other than special surplus funds	XXX	XXX	0	0
29. Unassigned funds (surplus)	XXX	XXX	759,131,350	753,558,921
30. Less treasury stock, at cost:				
30.1 .....shares common (value included in Line 24) \$)	XXX	XXX	0	0
30.2 .....shares preferred (value included in Line 25) \$)	XXX	XXX	0	0
31. Total capital and surplus (Lines 23 to 29 minus Line 30)	XXX	XXX	759,131,350	753,558,921
32. Total liabilities, capital and surplus (Lines 22 and 31)	XXX	XXX	1,761,568,138	1,699,544,304
DETAILS OF WRITE-INS				
2101. Amounts Withheld for Escheatment	7,094,133		7,094,133	6,372,874
2102. Reinsurance Payable	644,891		644,891	600,863
2103.				
2198. Summary of remaining write-ins for Line 21 from overflow page	0	0	0	0
2199. Totals (Lines 2101 thru 2103 plus 2198) (Line 21 above)	7,739,024	0	7,739,024	6,973,737
2301.	XXX	XXX		
2302.	XXX	XXX		
2303.	XXX	XXX		
2398. Summary of remaining write-ins for Line 23 from overflow page	XXX	XXX	0	0
2399. Totals (Lines 2301 thru 2303 plus 2398) (Line 23 above)	XXX	XXX	0	0
2801.	XXX	XXX		
2802.	XXX	XXX		
2803.	XXX	XXX		
2898. Summary of remaining write-ins for Line 28 from overflow page	XXX	XXX	0	0
2899. Totals (Lines 2801 thru 2803 plus 2898) (Line 28 above)	XXX	XXX	0	0

STATEMENT OF REVENUE AND EXPENSES

	Current Year To Date		Prior Year To Date	Prior Year Ended December 31
	1 Uncovered	2 Total	3 Total	4 Total
1. Member Months.....	XXX	7,819,066	7,443,602	9,972,510
2. Net premium income (including \$ non-health premium income).....	XXX	2,326,339,369	2,104,349,395	2,713,085,834
3. Change in unearned premium reserves and reserve for rate credits	XXX	.0	2,360,356	101,943,804
4. Fee-for-service (net of \$ medical expenses)	XXX	.0	.0	.0
5. Risk revenue	XXX	.0	.0	.0
6. Aggregate write-ins for other health care related revenues	XXX	11,022,422	361,309	13,452,426
7. Aggregate write-ins for other non-health revenues	XXX	.0	.0	.0
8. Total revenues (Lines 2 to 7)	XXX	2,337,361,791	2,107,071,060	2,828,482,064
Hospital and Medical:				
9. Hospital/medical benefits	272,268	1,356,441,272	1,174,849,852	1,671,757,453
10. Other professional services		45,912,633	41,419,166	53,177,124
11. Outside referrals .....			.0	.0
12. Emergency room and out-of-area	6,076	183,991,591	164,960,058	224,722,461
13. Prescription drugs		500,579,731	491,388,861	552,626,813
14. Aggregate write-ins for other hospital and medical.....	.0	.0	.0	.0
15. Incentive pool, withhold adjustments and bonus amounts.....		.0	.0	.0
16. Subtotal (Lines 9 to 15)	278,344	2,086,925,227	1,872,617,937	2,502,283,851
Less:				
17. Net reinsurance recoveries		(4,867,140)	(4,176,570)	(5,059,860)
18. Total hospital and medical (Lines 16 minus 17)	278,344	2,091,792,367	1,876,794,507	2,507,343,711
19. Non-health claims (net).....			.0	.0
20. Claims adjustment expenses, including \$ 14,069,577 .....cost containment expenses.....		70,539,539	61,783,738	82,496,274
21. General administrative expenses.....		163,411,037	142,252,026	197,711,266
22. Increase in reserves for life and accident and health contracts including \$ increase in reserves for life only).....		.0	.0	.0
23. Total underwriting deductions (Lines 18 through 22)	278,344	2,325,742,943	2,080,830,271	2,787,551,251
24. Net underwriting gain or (loss) (Lines 8 minus 23)	XXX	11,618,848	26,240,789	40,930,813
25. Net investment income earned		30,597,977	30,596,228	40,946,783
26. Net realized capital gains (losses) less capital gains tax of \$.....2,148,170		8,592,683	(291,270)	1,178,044
27. Net investment gains (losses) (Lines 25 plus 26) .....	.0	39,190,660	30,304,958	42,124,827
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$) (amount charged off \$).....		.0	.0	.0
29. Aggregate write-ins for other income or expenses .....	.0	52,092	536,060	550,806
30. Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29)	XXX	50,861,600	57,081,807	83,606,446
31. Federal and foreign income taxes incurred	XXX	10,438,701	14,534,990	15,182,545
32. Net income (loss) (Lines 30 minus 31)	XXX	40,422,899	42,546,817	68,423,901
DETAILS OF WRITE-INS				
0601. FEP Operations Center Performance Incentive.....	XXX	10,940,000	281,250	13,343,000
0602. Access fee Trigon.....	XXX	82,422	80,059	109,426
0603.	XXX			
0698. Summary of remaining write-ins for Line 6 from overflow page	XXX	.0	.0	.0
0699. Totals (Lines 0601 through 0603 plus 0698) (Line 6 above)	XXX	11,022,422	361,309	13,452,426
0701.	XXX			
0702.	XXX			
0703.	XXX			
0798. Summary of remaining write-ins for Line 7 from overflow page	XXX	.0	.0	.0
0799. Totals (Lines 0701 through 0703 plus 0798) (Line 7 above)	XXX	0	0	0
1401.				
1402.				
1403.				
1498. Summary of remaining write-ins for Line 14 from overflow page .....	.0	.0	.0	.0
1499. Totals (Lines 1401 through 1403 plus 1498) (Line 14 above)	0	0	0	0
2901. Miscellaneous .....	.0	52,092	536,060	550,806
2902.				
2903.				
2998. Summary of remaining write-ins for Line 29 from overflow page .....	.0	.0	.0	.0
2999. Totals (Lines 2901 through 2903 plus 2998) (Line 29 above)	0	52,092	536,060	550,806

STATEMENT OF REVENUE AND EXPENSES (Continued)

	1 Current Year to Date	2 Prior Year to Date	3 Prior Year
CAPITAL AND SURPLUS ACCOUNT:			
33. Capital and surplus prior reporting year.....	753,558,919	663,006,402	663,006,402
34. Net income or (loss) from Line 32.....	40,422,899	42,546,817	68,423,901
35. Change in valuation basis of aggregate policy and claim reserves.....		0	0
36. Change in net unrealized capital gains (losses) less capital gains tax of \$ (5,625,338).....	(18,665,143)	23,621,991	26,203,911
37. Change in net unrealized foreign exchange capital gain or (loss).....	(373,294)	0	373,266
38. Change in net deferred income tax.....	433,302	2,021,824	(1,527,159)
39. Change in nonadmitted assets.....	(16,245,336)	(3,913,852)	(2,491,397)
40. Change in unauthorized reinsurance.....	0	0	0
41. Change in treasury stock.....		0	0
42. Change in surplus notes.....	0	0	0
43. Cumulative effect of changes in accounting principles.....		0	0
44. Capital Changes:			
44.1 Paid in.....		0	0
44.2 Transferred from surplus (Stock Dividend).....		0	0
44.3 Transferred to surplus.....		0	0
45. Surplus adjustments:			
45.1 Paid in.....		0	0
45.2 Transferred to capital (Stock Dividend).....	0	0	0
45.3 Transferred from capital.....		0	0
46. Dividends to stockholders.....		0	0
47. Aggregate write-ins for gains or (losses) in surplus.....	0	0	(430,005)
48. Net change in capital & surplus (Lines 34 to 47).....	5,572,428	64,276,780	90,552,517
49. Capital and surplus end of reporting period (Line 33 plus 48)	759,131,347	727,283,182	753,558,919
DETAILS OF WRITE-INS			
4701. Change in Accumulated other pension.....		0	(265,306)
4702. Miscellaneous.....		0	(164,699)
4703.			
4798. Summary of remaining write-ins for Line 47 from overflow page.....	0	0	0
4799. Totals (Lines 4701 through 4703 plus 4798) (Line 47 above)	0	0	(430,005)

CASH FLOW

	1 Current Year To Date	2 Prior Year Ended December 31
Cash from Operations		
1. Premiums collected net of reinsurance.....	2,289,054,542	2,681,057,758
2. Net investment income	30,816,485	40,168,933
3. Miscellaneous income	11,022,422	13,452,426
4. Total (Lines 1 to 3)	2,330,893,449	2,734,679,117
5. Benefits and loss related payments	2,041,269,615	2,476,014,992
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts.....		0
7. Commissions, expenses paid and aggregate write-ins for deductions	221,619,158	252,959,581
8. Dividends paid to policyholders		0
9. Federal and foreign income taxes paid (recovered) net of \$ tax on capital gains (losses)	4,153,005	26,679,269
10. Total (Lines 5 through 9)	2,267,041,778	2,755,653,842
11. Net cash from operations (Line 4 minus Line 10)	63,851,671	(20,974,725)
Cash from Investments		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	780,172,753	833,525,028
12.2 Stocks	68,884,917	107,940,498
12.3 Mortgage loans	0	0
12.4 Real estate	0	0
12.5 Other invested assets	0	0
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments	0	0
12.7 Miscellaneous proceeds	18,721	5,044,588
12.8 Total investment proceeds (Lines 12.1 to 12.7)	849,076,391	946,510,114
13. Cost of investments acquired (long-term only):		
13.1 Bonds	796,147,137	878,833,411
13.2 Stocks	70,910,895	80,471,537
13.3 Mortgage loans	0	0
13.4 Real estate	0	0
13.5 Other invested assets	506,034	0
13.6 Miscellaneous applications	7,252,285	4,970,267
13.7 Total investments acquired (Lines 13.1 to 13.6)	874,816,351	964,275,215
14. Net increase (or decrease) in contract loans and premium notes	0	0
15. Net cash from investments (Line 12.8 minus Line 13.7 and Line 14)	(25,739,960)	(17,765,101)
Cash from Financing and Miscellaneous Sources		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes	0	0
16.2 Capital and paid in surplus, less treasury stock.....	0	0
16.3 Borrowed funds	0	0
16.4 Net deposits on deposit-type contracts and other insurance liabilities	0	0
16.5 Dividends to stockholders	0	0
16.6 Other cash provided (applied).....	(36,763,028)	45,969,853
17. Net cash from financing and miscellaneous sources (Line 16.1 through Line 16.4 minus Line 16.5 plus Line 16.6)	(36,763,028)	45,969,853
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS		
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17)	1,348,683	7,230,027
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year.....	5,961,414	(1,268,613)
19.2 End of period (Line 18 plus Line 19.1)	7,310,097	5,961,414

STATEMENT AS OF SEPTEMBER 30, 2008 OF THE Group Hospitalization and Medical Services, Inc.

EXHIBIT OF PREMIUMS, ENROLLMENT AND UTILIZATION										
	1 Total	Comprehensive (Hospital & Medical)		4 Medicare Supplement	5 Vision Only	6 Dental Only	7 Federal Employees Health Benefit Plan	8 Title XVIII Medicare	9 Title XIX Medicaid	10 Other
		2 Individual	3 Group							
Total Members at end of:										
1. Prior Year	846,805	41,942	332,334	6,021	.0	16,701	338,441	.0	.0	111,366
2 First Quarter	863,688	42,860	340,710	5,979	.0	16,532	345,784	.0	.0	111,823
3 Second Quarter	871,686	44,025	348,161	5,918	.0	16,339	345,083	.0	.0	112,160
4. Third Quarter	876,736	44,890	353,974	5,905		12,016	346,424	.5		113,522
5. Current Year .....	.0									
6 Current Year Member Months	7,819,066	392,495	3,117,751	53,565		135,004	3,109,445	13		1,010,793
Total Member Ambulatory Encounters for Period:										
7. Physician	4,186,335	187,669	1,662,622	62,703			2,273,243			98
8. Non-Physician	701,860	28,386	252,225	10,830			410,391			28
9. Total	4,888,195	216,055	1,914,847	73,533	.0	.0	2,683,634	.0	.0	126
10. Hospital Patient Days Incurred	210,808	6,539	54,511	8,918			140,626			214
11. Number of Inpatient Admissions	42,768	1,396	13,975	1,311			26,076			10
12. Health Premiums Written	2,320,759,135	98,742,278	993,605,893	11,533,665		50,570,107	1,152,333,366	18,664		13,955,162
13. Life Premiums Direct .....	.0									
14. Property/Casualty Premiums Written .....	.0									
15. Health Premiums Earned	2,320,759,135	98,742,278	993,605,893	11,533,665		50,570,107	1,152,333,366	18,664		13,955,162
16. Property/Casualty Premiums Earned .....	.0									
17. Amount Paid for Provision of Health Care Services	2,030,083,180	82,733,940	830,931,400	8,407,251		37,118,247	1,064,927,981	1,132		5,963,229
18. Amount Incurred for Provision of Health Care Services	2,086,925,226	84,472,740	844,995,359	8,196,451		36,570,408	1,106,622,907	1,132		6,066,229

(a) For health premiums written: amount of Medicare Title XVIII exempt from state taxes or fees \$

CLAIMS UNPAID AND INCENTIVE POOL, WITHHOLD AND BONUS (Reported and Unreported)

1 Account	2 1 - 30 Days	3 31 - 60 Days	4 61 - 90 Days	5 91 - 120 Days	6 Over 120 Days	7 Total
Claims Unpaid (Reported)						
0199999 Individually Listed Claims Unpaid	0	0	0	0	0	0
0299999 Aggregate Accounts Not Individually Listed-Uncovered						0
0399999 Aggregate Accounts Not Individually Listed-Covered	3,416,505	11,709				3,428,214
0499999 Subtotals	3,416,505	11,709	0	0	0	3,428,214
0599999 Unreported Claims and Other Claim Reserves	XXX	XXX	XXX	XXX	XXX	351,796,662
0699999 Total Amounts Withheld	XXX	XXX	XXX	XXX	XXX	
0799999 Total Claims Unpaid	XXX	XXX	XXX	XXX	XXX	355,224,876
0899999 Accrued Medical Incentive Pool and Bonus Amounts	XXX	XXX	XXX	XXX	XXX	

UNDERWRITING AND INVESTMENT EXHIBIT
ANALYSIS OF CLAIMS UNPAID - PRIOR YEAR - NET OF REINSURANCE

Line of Business	Claims Paid Year to Date		Liability End of Current Quarter		5 Claims Incurred in Prior Years (Columns 1 + 3)	6 Estimated Claim Reserve and Claim Liability Dec. 31 of Prior Year
	1 On Claims Incurred Prior to January 1 of Current Year	2 On Claims Incurred During the Year	3 On Claims Unpaid Dec. 31 of Prior Year	4 On Claims Incurred During the Year		
1. Comprehensive (hospital & medical)	103,110,623	834,964,781	3,932,919	123,800,841	107,043,542	111,931,001
2. Medicare Supplement	1,650,900	6,756,351	87,900	1,791,300	1,738,800	2,090,000
3. Dental Only	3,458,617	33,659,630	48,600	3,814,560	3,507,217	4,410,999
4. Vision Only			0		0	0
5. Federal Employees Health Benefits Plan	176,917,762	888,010,219	5,330,600	212,523,645	182,248,362	176,159,318
6. Title XVIII - Medicare		1,132			0	0
7. Title XIX - Medicaid					0	0
8. Other Health	1,647,516	9,060,488	862,024	3,032,488	2,509,540	3,748,923
9. Health Subtotal (Lines 1 to 8).....	286,785,418	1,772,452,601	10,262,043	344,962,834	297,047,461	298,340,241
10. Healthcare receivables (a)		24,330,290			0	0
11. Other non-health					0	0
12. Medical incentive pools and bonus amounts					0	0
13. Totals	286,785,418	1,748,122,311	10,262,043	344,962,834	297,047,461	298,340,241

(a) Excludes \$ 27,939,634 loans and advances to providers not yet expensed.

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Accounting Practices

No change.

B. Use of Estimates in the Preparation of the Financial Statements

No change.

C. Accounting Policy

No change.

2. Accounting Changes and Corrections of Errors

No change.

3. Business Combinations and Goodwill

Not applicable

4. Discontinued Operations

No change.

5. Investments

No change.

6. Joint Ventures, Partnerships and Limited Liability Companies

No change.

7. Investment Income

No change.

8. Derivative Instruments

No change.

9. Income Taxes

The components of the net deferred tax asset recognized in the Company’s Assets, Liabilities, and Capital and Surplus are as follows:
The components of the net deferred tax asset recognized in the Company’s Assets, Liabilities, and Capital and Surplus are as follows:

					Sep.30, 2008	Dec. 31, 2007
Total of gross deferred tax assets					\$18,045,404	\$15,969,812
Total of deferred tax liabilities					(1,301,448)	(5,284,496)
Net deferred tax asset					16,743,956	10,685,316
Deferred tax asset nonadmitted					(6,831,005)	(3,773,363)
Net admitted deferred tax asset					9,912,951	6,911,953
(Increase) decrease in nonadmitted asset					(\$3,057,642)	\$(49,522)

The provisions for incurred taxes on earnings:

	Sep. 30, 2008	Sep. 30, 2007
Federal provision	\$10,438,701	\$14,534,990
Federal income tax on net capital gains	2,148,170	(72,817)
Federal income taxes incurred	\$12,586,871	\$14,462,173

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities are as follows:

	Sep. 30, 2008	Dec. 31, 2007
--	---------------	---------------

Deferred tax assets:		
Allowance for Bad Debt	\$1,066,887	\$630,885
Accrued Vacation	460,030	377,787
Contingent Liability	1,744,700	2,949,019
Discounted Unpaid Losses	1,801,537	1,503,611

NOTES TO FINANCIAL STATEMENTS

FAS 106	3,651,635	3,385,232
FAS 115	1,330,359	0
FAS 115 Impairment	1,445,563	1,700,066
Pension Liability	490,537	490,537
Nonadmitted deferred tax assets	4,142,629	2,896,513
Other	1,911,527	2,036,162
Total deferred tax assets	18,045,404	15,969,812
Nonadmitted deferred tax assets	(6,831,005)	(3,773,363)
Admitted deferred tax assets	11,214,399	12,196,449
Deferred tax liabilities:		
FAS 115	0	(4,294,979)
Other	(1,301,448)	(989,517)
Total deferred tax liabilities	(1,301,448)	(5,284,496)
Net Admitted deferred tax assets	\$9,912,951	\$6,911,953

The change in net deferred income taxes is comprised of the following:

		Sep. 30, 2008	Dec. 31, 2007	Change
Total deferred tax assets		\$18,045,404	\$15,969,812	\$2,075,592
Total deferred tax liabilities		1,301,448	5,284,496	3,983,048
Net deferred tax asset(liability)		\$16,743,956	\$10,685,316	6,058,640
Tax effect of unrealized gains(losses)				(5,625,338)
Change in net deferred income tax				\$433,302

The provision for federal income taxes incurred is different from that which would be obtained by applying the statutory Federal income tax rate to income before income taxes. The significant items causing this difference are as follows:

		Sep. 30, 2008	Effective Tax Rate
Provision computed at statutory rate		\$10,601,954	20.00%
Nondeductible expenses		(10,963)	-0.02%
Change in prior years' estimate		4,635,248	8.74%
Investments		4,294,979	8.10%
Accrued expenses		(1,122,076)	-2.12%
Benefit Obligations		266,403	0.50%
Unpaid claims		297,926	0.56%
Accounts receivable		436,003	0.83%
Nonadmitted assets and other		(6,812,603)	-12.85%
Total		12,586,871	23.74%
Federal income taxes incurred		12,586,871	23.74%
Change in net deferred income taxes		(433,302)	-0.81%
Total statutory income taxes		\$12,153,569	22.93%

The Company has accumulated Alternative Minimum Tax (AMT) credits of approximately \$108,231,000 at September 30, 2008. The credits can be used, in certain circumstances, to offset future regular tax.

The Company is included in a consolidated federal income tax return of CareFirst, Inc. The Company has a written agreement, which sets forth the manner in which the total combined federal income tax is allocated to each entity, which is a party to the consolidation. The agreement calls for an allocation based on the Company's pre-tax income after affecting for permanent differences at the alternative minimum tax rates. The federal tax allocation for both 2008 and 2007 was 20 percent of pre-tax income after permanent differences. These amounts are included in provision for income taxes in the accompanying statements of revenue and expenses --statutory basis.

Pursuant to this agreement, the Company has the enforceable right to recoup federal income taxes paid in prior years in the event of future net losses, which it may incur, or to recoup its net losses carried forward as an offset to future net income subject to federal income taxes.

NOTES TO FINANCIAL STATEMENTS

10. Information Concerning Parent, Subsidiaries and Affiliates

Group Hospitalization and Medical Services, Inc. (GHMSI or the Company) is a not-for-profit company that provides a comprehensive array of health insurance and managed care products and services primarily through indemnity health insurance, health maintenance organization coverage and health benefits administration. Other products and services include preferred provider and point-of-service networks, third-party administrator services and other managed care services. These products and services are provided to individuals, businesses and governmental agencies primarily in the Washington, D.C. metropolitan area.

The Company and CareFirst of Maryland, Inc. (CFMI) are both affiliates of a not-for-profit parent company, CareFirst, Inc. (CFI). These affiliates do business as CareFirst BlueCross BlueShield. The Company and CFMI also hold a 40% and 60% interest, respectively, in a health maintenance organization subsidiary, CareFirst BlueChoice, Inc. (CFBC). Since control over the CFBC operations is vested in CFI, the Company has determined that neither the Company nor CFMI exercise control over CFBC.

In 2005, the CFI Board also approved certain proposed changes regarding the governance structure of CFI, CFMI and GHMSI. In 2006, all required regulatory and BlueCross BlueShield Association (BCBSA) approvals were obtained to permit the restructuring that creates parity between CFMI and GHMSI, as to their representation on CFI’s Board. Management believes that these changes did not materially impact CFI’s control over CFMI or GHMSI.

For certain fully insured point-of-service health care programs, the Company bears all of the out-of-network (indemnity) underwriting risk and CareFirst BlueChoice, Inc. (CFBC) bears the in-network (HMO) underwriting risk. Cost of care for these products is charged directly to the Company and CFBC based upon the nature of the claims incurred. Premiums on these health care programs are allocated between the Company and CFBC based on actual underwriting results such that the underwriting gain of the health care programs, as a percentage of premiums earned, is shared equally between the two companies.

The Company continues to integrate operations with CFMI. To enable this integration, certain hardware and software has been purchased, developed or enhanced with the cost being funded and capitalized as an asset on either the Company’s or CFMI’s GAAP balance sheets. The assets are amortized over their useful lives and charged to CFMI or the Company through CFI’s cost allocation system.

Certain business has been written by CFMI and GHMSI which represents contracts outside the historic CFMI and GHMSI service areas (cross-jurisdictional sales), respectively. In 2006, the Boards of CFI, CFMI and GHMSI approved redistribution of earnings between CFMI and GHMSI related to cross-jurisdictional sales. The underwriting gains and losses from this cross-jurisdictional business would be distributed from the company that earned them to the company in whose service area they were earned. The Company received regulatory approval for these earnings redistributions, effective January 1, 2008, which will be recorded in the 4th quarter.

Also in 2006, the Boards of CFI, CFMI and GHMSI approved earnings redistributions to evenly share changes in the statutory surplus which are a result of the net gain (loss) of CFBC. The Company is currently considering several options to obtain this result. Implementation of such earnings redistribution would require regulatory approval.

11. Debt

Not applicable.

12. Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Post-retirement Benefit Plans

No change.

13. Capital and Surplus, Shareholders' Dividend Restrictions and Quasi-Reorganizations

Change in net unrealized capital gains (losses) for the nine months ended September 30, 2008:

Change in the unrealized gain/losses from:	Change
Affiliated Common Stocks:	
Blue Choice (40%)	\$ 2,252,017
NCIA	321,712
NCAS	889,212
Unaffiliated Common Stocks	(26,664,538)
Bonds & Preferred Stocks	(1,088,884)
Total unrealized gains/loss	(24,290,481)
Capital Gains Deferred tax	5,625,338
Change in net unrealized capital gains (losses) less capital gains tax (Page 5 Ln 36)	\$ (18,665,143)

NOTES TO FINANCIAL STATEMENTS

14. Contingencies

Effective November 2, 2006, the contract of the President and Chief Executive Officer (CEO) of CFI, CFMI and GHMSI was terminated by mutual agreement with the boards of those various entities. The amount to be paid in severance, pension and other payments resulting from his separation is subject to review and approval by the Maryland Insurance Administration and may be subject to review and approval by the District of Columbia Department of Insurance, Securities and Banking. Pursuant to a hearing, the Insurance Commissioner for the State of Maryland allowed a portion of the proposed payment to the former President and CEO and disallowed the remainder. The former President and CEO has appealed the Insurance Commissioner’s decision to the Circuit Court of Maryland and initiated an independent action under the Employee Retirement Income Security Act of 1974, as amended (ERISA) in Federal Court to compel full payment. The Company has paid the amount authorized by the Insurance Commissioner.

Beginning in 1999, a series of class action lawsuits were filed against virtually all major entities in the health benefits business, including BCBSA and the BCBSA licensees. The suits allege that over a course of years the defendants have conspired to use criteria and standards for adjudication of provider claims that result in underpayment of provider claims. They allege that the defendants have been involved in a conspiracy to make false representations to providers and to conceal material information from providers about the manner in which claims are adjudicated. The Plaintiffs assert that the alleged misconduct violates the Racketeer Influenced and Corrupt Organizations Act (RICO). Plaintiffs seek treble damages and injunctive relief under RICO. The Company continues to maintain that the assertions made in this action are completely without foundation but, for entirely practical purposes, has reached an agreement with the Plaintiffs. The court order related to this lawsuit was signed on April 19, 2008. The court order did not include a specific settlement date as an appeal was submitted by several physicians.

In June 2008, the District of Columbia Attorney General office filed suit against CFI and GHMSI alleging the breach of GHMSI’s federal charter as a “charitable and benevolent” institution. Also, the District of Columbia’s City Council Committee on Public Services and Consumer Affairs (D.C. City Council) launched an investigation of and issued a subpoena to GHMSI and CFI regarding various items including the accumulation of statutory surplus, rate setting, executive compensation, and community benefits. CFI is responding to and working with these parties to provide the information requested. In addition, the D.C. City Council has introduced legislation giving the Mayor authority to cap GHMSI’s statutory surplus needs, impose an additional tax of up to 2% on its premiums and compel the continuation of GHMSI’s open enrollment product in the District of Columbia. CFI is of the opinion that it is in a good position to effectively defend against the Attorney General’s action and to defeat proposed legislation by the City Council even if the proposed legislation is passed.

15. Leases

No change.

16. Information About Financial Instruments With Off-Balance Sheet Risk And Financial Instruments With Concentrations of Credit Risk

Not applicable.

17. Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities

Not Applicable.

18. Gain or Loss to the Reporting Entity from Uninsured A&H Plans and the Uninsured Portion of Partially Insured Plans

The results from operations of uninsured ASC plans and the uninsured portion of partially insured plans were as follows for the nine-month periods ending September 30, 2008 and 2007:

	September 30, 2008	September 30, 2007
Gross reimbursement for medical costs incurred	\$ 737,891,000	\$ 663,713,000
Gross administrative fees accrued	49,830,000	50,738,000
Gross expenses incurred	(800,716,000)	(719,920,000)
Operating gain or (loss), before stop loss	(12,995,000)	(5,469,000)
Stop loss, net	7,282,000	7,671,000
Proforma operating gain	\$ (5,713,000)	\$ 2,202,000

The stop loss amount reported represents stop loss written for the ASC business shown above.

19. Direct Premium Written/Produced by Managing General Agents/Third Party Administrators

Not applicable.

20. Other Items

No change.

21. Events Subsequent

Not applicable.

22. Reinsurance

NOTES TO FINANCIAL STATEMENTS

Effective January 1, 2006, the Company entered into a quota-share reinsurance agreement with FirstCare, Inc. (FirstCare), a wholly-owned subsidiary of CFS Health Group, Inc. (CFS), which in turn is a wholly-owned subsidiary of CFMI. The agreement relates to all Medicare Part D insurance policies written by FirstCare for individuals living in the Company’s service area. Under the terms of the agreement, the Company assumes the underwriting risk on the business written in its service area. For the nine months ending September 30, 2008, the Company assumed risk premiums in the amount of \$5,553,000 and incurred an underwriting loss in the amount of \$245,000 as a result of the quota-share reinsurance contract with FirstCare.

23. Retrospectively Rated Contracts and Contracts Subject to Redetermination

No change.

24. Change in Incurred Claims and Claim Adjustment Expenses

No change.

25. Intercompany Pooling Arrangements

Not applicable.

26. Structured Settlements

Not applicable.

27. Health Care Receivables

No change.

28. Participating Policies

Not applicable.

29. Premium Deficiency Reserve

Not applicable.

30. Salvage and Subrogation

No change.

GENERAL INTERROGATORIES

(Responses to these interrogatories should be based on changes that have occurred since the prior year end unless otherwise noted.)

PART 1 - COMMON INTERROGATORIES
GENERAL

- 1.1

Did the reporting entity experience any material transactions requiring the filing of Disclosure of Material Transactions with the State of Domicile, as required by the Model Act?

Yes ☐ No ☒
- 1.2

If yes, has the report been filed with the domiciliary state?

Yes ☐ No ☐
- 2.1

Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity?

Yes ☐ No ☒
- 2.2

If yes, date of change:
3.

Have there been any substantial changes in the organizational chart since the prior quarter end?

Yes ☒ No ☐

If yes, complete the Schedule Y - Part 1 - organizational chart.
- 4.1

Has the reporting entity been a party to a merger or consolidation during the period covered by this statement?

Yes ☐ No ☒
- 4.2

If yes, provide the name of entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1	2	3
Name of Entity	NAIC Company Code	State of Domicile

5.

If the reporting entity is subject to a management agreement, including third-party administrator(s), managing general agent(s), attorney-in-fact, or similar agreement, have there been any significant changes regarding the terms of the agreement or principals involved?

Yes ☐ No ☒ NA ☐

If yes, attach an explanation.
- 6.1

State as of what date the latest financial examination of the reporting entity was made or is being made.

12/31/2008
- 6.2

State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released.

12/31/2003
- 6.3

State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date).

05/18/2005
- 6.4

By what department or departments?

District of Columbia Department of Insurance, Securities and Banking
- 6.5

Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with Departments?

Yes ☐ No ☐ NA ☒
- 6.6

Have all of the recommendations within the latest financial examination report been complied with?

Yes ☒ No ☐ NA ☐
- 7.1

Has this reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period?

Yes ☐ No ☒
- 7.2

If yes, give full information:
- 8.1

Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board?

Yes ☐ No ☒
- 8.2

If response to 8.1 is yes, please identify the name of the bank holding company.
- 8.3

Is the company affiliated with one or more banks, thrifts or securities firms?

Yes ☐ No ☒
- 8.4

If response to 8.3 is yes, please provide below the names and location (city and state of the main office) of any affiliates regulated by a federal regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Office of Thrift Supervision (OTS), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.]

1	2	3	4	5	6	7
Affiliate Name	Location (City, State)	FRB	OCC	OTS	FDIC	SEC

GENERAL INTERROGATORIES

- 9.1

Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards?.....

Yes ☒ No ☐
- (a)

Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- (b)

Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;
- (c)

Compliance with applicable governmental laws, rules and regulations;
- (d)

The prompt internal reporting of violations to an appropriate person or persons identified in the code; and
- (e)

Accountability for adherence to the code.
- 9.11

If the response to 9.1 is No, please explain:
- 9.2

Has the code of ethics for senior managers been amended?.....

Yes ☐ No ☒
- 9.21

If the response to 9.2 is Yes, provide information related to amendment(s).
- 9.3

Have any provisions of the code of ethics been waived for any of the specified officers?.....

Yes ☐ No ☒
- 9.31

If the response to 9.3 is Yes, provide the nature of any waiver(s).

FINANCIAL

- 10.1

Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement?.....

Yes ☒ No ☐
- 10.2

If yes, indicate any amounts receivable from parent included in the Page 2 amount:\$

INVESTMENT

- 11.1

Were any of the stocks, bonds, or other assets of the reporting entity loaned, placed under option agreement, or otherwise made available for use by another person? (Exclude securities under securities lending agreements.)

Yes ☐ No ☒
- 11.2

If yes, give full and complete information relating thereto:
12.

Amount of real estate and mortgages held in other invested assets in Schedule BA:\$0
13.

Amount of real estate and mortgages held in short-term investments:\$0
- 14.1

Does the reporting entity have any investments in parent, subsidiaries and affiliates?

Yes ☒ No ☐
- 14.2

If yes, please complete the following:

		1		2
		Prior Year-End		Current Quarter
		Book/Adjusted		Book/Adjusted
		Carrying Value		Carrying Value
14.21	Bonds	\$	\$	
14.22	Preferred Stock	\$	\$	
14.23	Common Stock	\$174,236,603	\$177,699,544	
14.24	Short-Term Investments	\$	\$	
14.25	Mortgage Loans on Real Estate	\$	\$	
14.26	All Other	\$	\$	
14.27	Total Investment in Parent, Subsidiaries and Affiliates (Subtotal Lines 14.21 to 14.26).....	\$174,236,603	\$177,699,544	
14.28	Total Investment in Parent included in Lines 14.21 to 14.26 above	\$	\$	
- 15.1

Has the reporting entity entered into any hedging transactions reported on Schedule DB?

Yes ☐ No ☒
- 15.2

If yes, has a comprehensive description of the hedging program been made available to the domiciliary state?

Yes ☐ No ☐

If no, attach a description with this statement.

GENERAL INTERROGATORIES

16. Excluding items in Schedule E, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section 3, III Conducting Examinations, G - Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook?

Yes [X] No []

16.1 For all agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:

1 Name of Custodian(s)	2 Custodian Address
SUNTRUST BANK.....	1445 NEW YORK AVE. , WASHINGTON, DC. 20005.....

16.2 For all agreements that do not comply with the requirements of the NAIC Financial Condition Examiners Handbook, provide the name, location and a complete explanation:

1 Name(s)	2 Location(s)	3 Complete Explanation(s)

16.3 Have there been any changes, including name changes in the custodian(s) identified in 16.1 during the current quarter?

Yes [] No [X]

16.4 If yes, give full and complete information relating thereto:

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason

16.5 Identify all investment advisors, brokers/dealers or individuals acting on behalf of broker/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

1 Central Registration Depository	2 Name(s)	3 Address
15958.....	VANGUARD.....	P.O. BONX 2900, VALLEY FORGE, PA. 19482 - 2900.....
104596.....	DODGE AND COX.....	55 CALIFORNIA ST., SAN FRANCISCO, CA. 94104.....
107105.....	BLACKROCK INVESTMENT ADVISORS.....	100 BELLEVUE PARKWAY, WASHINGTON DE 19809.....
10578.....	CALAMOS INVESTMENTS.....	1111 EAST WARRENVILLE, NAPERVILLE, IL. 60563 - 1493.....
NONE.....	STATE STREET GLOBAL ADVISORS.....	1 LINCOLN ST., BOSTON, MA. 02111.....

17.1 Have all the filing requirements of the *Purposes and Procedures Manual* of the NAIC Securities Valuation Office been followed?

Yes [X] No []

17.2 If no, list exceptions:

.....

Showing All New Reinsurance Treaties - Current Year to Date

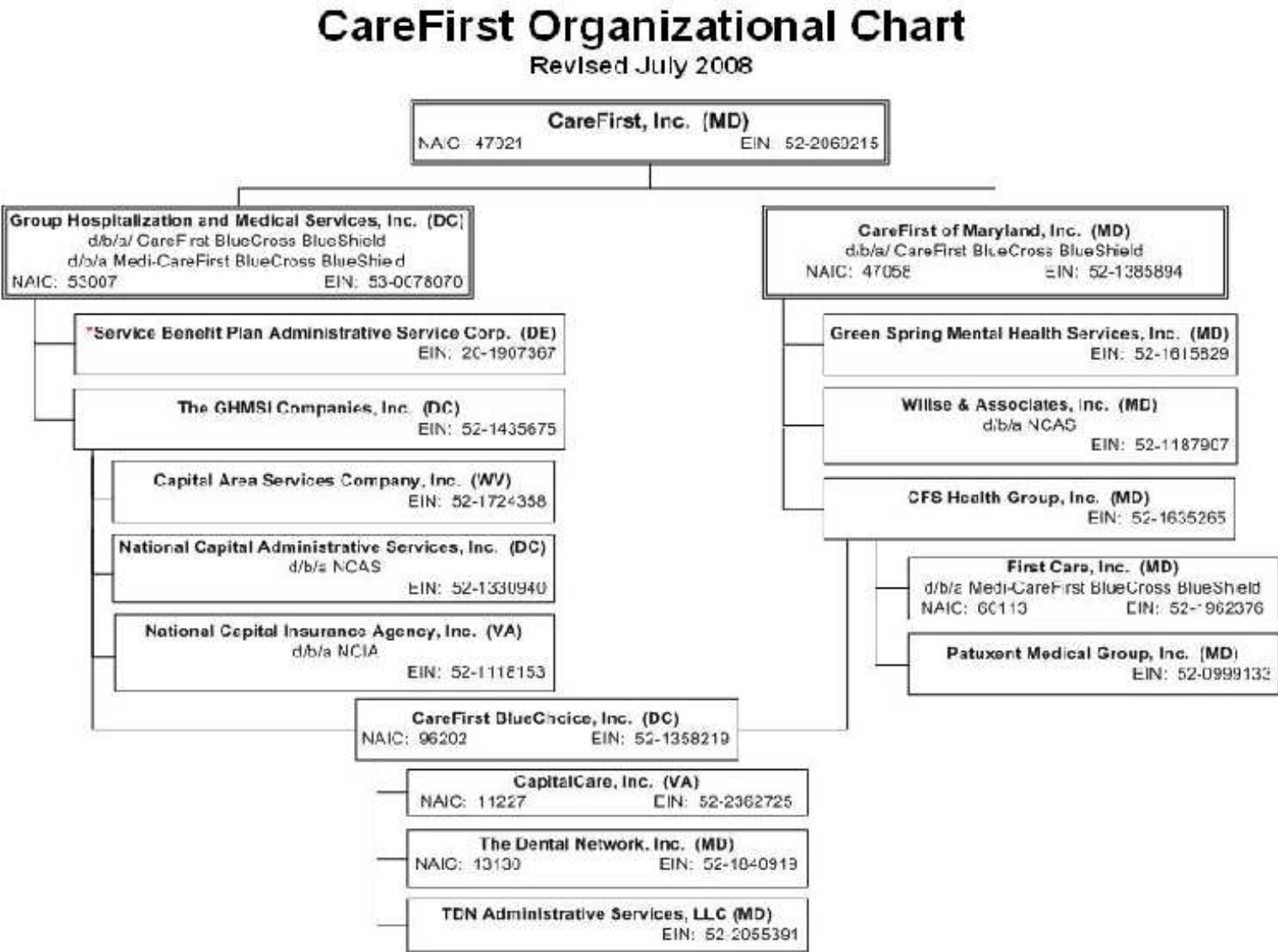
NONE

SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS

Current Year to Date - Allocated by States and Territories										
		1	Direct Business Only							
			2	3	4	5	6	7	8	9
States, Etc.		Active Status	Accident & Health Premiums	Medicare Title XVIII	Medicaid Title XIX	Federal Employees Health Benefit Program Premiums	Life & Annuity Premiums & Other Considerations	Property/ Casualty Premiums	Total Columns 2 Through 7	Deposit-Type Contracts
1. Alabama	AL								0	
2. Alaska	AK								0	
3. Arizona	AZ								0	
4. Arkansas	AR								0	
5. California	CA								0	
6. Colorado	CO								0	
7. Connecticut	CT								0	
8. Delaware	DE								0	
9. District of Columbia	DC	L	307,679,571			1,152,333,366			1,460,012,937	
10. Florida	FL								0	
11. Georgia	GA								0	
12. Hawaii	HI								0	
13. Idaho	ID								0	
14. Illinois	IL								0	
15. Indiana	IN								0	
16. Iowa	IA								0	
17. Kansas	KS								0	
18. Kentucky	KY								0	
19. Louisiana	LA								0	
20. Maine	ME								0	
21. Maryland	MD	L	536,629,315	18,664					536,647,979	
22. Massachusetts	MA								0	
23. Michigan	MI								0	
24. Minnesota	MN								0	
25. Mississippi	MS								0	
26. Missouri	MO								0	
27. Montana	MT								0	
28. Nebraska	NE								0	
29. Nevada	NV								0	
30. New Hampshire	NH								0	
31. New Jersey	NJ								0	
32. New Mexico	NM								0	
33. New York	NY								0	
34. North Carolina	NC								0	
35. North Dakota	ND								0	
36. Ohio	OH								0	
37. Oklahoma	OK								0	
38. Oregon	OR								0	
39. Pennsylvania	PA								0	
40. Rhode Island	RI								0	
41. South Carolina	SC								0	
42. South Dakota	SD								0	
43. Tennessee	TN								0	
44. Texas	TX								0	
45. Utah	UT								0	
46. Vermont	VT								0	
47. Virginia	VA	L	324,098,220						324,098,220	
48. Washington	WA								0	
49. West Virginia	WV								0	
50. Wisconsin	WI								0	
51. Wyoming	WY								0	
52. American Samoa	AS								0	
53. Guam	GU								0	
54. Puerto Rico	PR								0	
55. U.S. Virgin Islands	VI								0	
56. Northern Mariana Islands	MP								0	
57. Canada	CN								0	
58. Aggregate Other Alien	OT	XXX	0	0	0	0	0	0	0	0
59. Subtotal	XXX		1,168,407,106	18,664	0	1,152,333,366	0	0	2,320,759,136	0
60. Reporting entity contributions for Employee Benefit Plans	XXX								0	
61. Total (Direct Business)	(a) 3		1,168,407,106	18,664	0	1,152,333,366	0	0	2,320,759,136	0
DETAILS OF WRITE-INS										
5801.	XXX									
5802.	XXX									
5803.	XXX									
5898. Summary of remaining write-ins for Line 58 from overflow page	XXX		0	0	0	0	0	0	0	0
5899. Totals (Lines 5801 through 5803 plus 5898) (Line 58 above)	XXX		0	0	0	0	0	0	0	0

(a) Insert the number of L responses except for Canada and other Alien.

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP
PART 1 - ORGANIZATIONAL CHART



*Service Benefit Plan Administrative Services Corporation is owned 90% by Group Hospitalization and Medical Services, Inc. and 10% by the Blue Cross and Blue Shield Association.

SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

The following supplemental reports are required to be filed as part of your statement filing. However, in the event that your company does not transact the type of business for which the special report must be filed, your response of **NO** to the specific interrogatory will be accepted in lieu of filing a "NONE" report and a bar code will be printed below. If the supplemental is required of your company but is not being filed for whatever reason enter **SEE EXPLANATION** and provide an explanation following the interrogatory questions.

RESPONSE

1. Will the Medicare Part D Coverage Statement be filed with the state of domicile and the NAIC with this statement?

.....YES.....

Explanation:

Bar Code:

OVERFLOW PAGE FOR WRITE-INS

SCHEDULE A - VERIFICATION

Real Estate

	1	2
	Year to Date	Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year	0	0
2. Cost of acquired:		
2.1 Actual cost at time of acquisitions		
2.2 Additional investment made after acquisitions		
3. Current year change in encumbrances		
4. Total gain (loss) on disposals		0
5. Deduct amounts received on disposals		0
6. Total foreign exchange change in book/adjusted carrying value		0
7. Deduct current year's other than temporary impairment recognized		
8. Deduct current year's depreciation		
9. Book/adjusted carrying value at the end of current period (Lines 1+2+3+4-5+6-7-8)	0	0
10. Deduct total nonadmitted amount		0
11. Statement value at end of current period (Line 9 minus Line 10)	0	0

SCHEDULE B – VERIFICATION

Mortgage Loans

	1	2
	Year to Date	Prior Year Ended December 31
1. Book value/recorded investment excluding accrued interest at December 31 of prior year	0	0
2. Cost of acquired:		
2.1 Actual cost at time of acquisitions		0
2.2 Additional investment made after acquisitions		0
3. Capitalized deferred interest and other		
4. Accrual of discount		
5. Unrealized valuation increase (decrease)		
6. Total gain (loss) on disposals		0
7. Deduct amounts received on disposals		0
8. Deduct amortization of premium and mortgage interest points and commitment fees		
9. Total foreign exchange change in book value/recorded investment excluding accrued interest		
10. Deduct current year's other than temporary impairment recognized		0
11. Book value/recorded investment excluding accrued interest at end of current period (Lines 1+2+3+4+5+6-7-8+9-10)	0	0
12. Deduct total nonadmitted accounts		0
13. Statement value at end of current period (Line 11 minus Line 12)	0	0

SCHEDULE BA – VERIFICATION

Other Long Term Invested Assets

	1	2
	Year to Date	Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year	166,667	166,667
2. Cost of acquired:		
2.1 Actual cost at time of acquisitions	75,000	0
2.2 Additional investment made after acquisitions	431,034	0
3. Capitalized deferred interest and other	0	
4. Accrual of discount	0	0
5. Unrealized valuation increase (decrease)	0	
6. Total gain (loss) on disposals	0	0
7. Deduct amounts received on disposals	0	0
8. Deduct amortization of premium and depreciation	0	0
9. Total foreign exchange change in book/adjusted carrying value	0	0
10. Deduct current year's other than temporary impairment recognized	0	
11. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5+6-7-8+9-10)	672,701	166,667
12. Deduct total nonadmitted amounts	166,667	166,667
13. Statement value at end of current period (Line 11 minus Line 12)	506,034	0

SCHEDULE D – VERIFICATION

Bonds and Stocks

	1	2
	Year to Date	Prior Year Ended December 31
1. Book/adjusted carrying value of bonds and stocks, December 31 of prior year	957,517,257	912,881,611
2. Cost of bonds and stocks acquired	866,922,225	959,304,948
3. Accrual of discount	989,219	1,367,302
4. Unrealized valuation increase (decrease)	(17,010,993)	19,456,725
5. Total gain (loss) on disposals	10,719,780	6,442,822
6. Deduct consideration for bonds and stocks disposed of	841,685,672	941,352,302
7. Deduct amortization of premium	1,248,844	987,178
8. Total foreign exchange change in book/adjusted carrying value	(400,497)	403,329
9. Deduct current year's other than temporary impairment recognized	7,360,077	
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9)	968,442,398	957,517,257
11. Deduct total nonadmitted amounts		0
12. Statement value at end of current period (Line 10 minus Line 11)	968,442,398	957,517,257

STATEMENT AS OF SEPTEMBER 30, 2008 OF THE Group Hospitalization and Medical Services, Inc.

SCHEDULE D - PART 1B

Showing the Acquisitions, Dispositions and Non-Trading Activity
During the Current Quarter for all Bonds and Preferred Stock by Rating Class

	1 Book/Adjusted Carrying Value Beginning of Current Quarter	2 Acquisitions During Current Quarter	3 Dispositions During Current Quarter	4 Non-Trading Activity During Current Quarter	5 Book/Adjusted Carrying Value End of First Quarter	6 Book/Adjusted Carrying Value End of Second Quarter	7 Book/Adjusted Carrying Value End of Third Quarter	8 Book/Adjusted Carrying Value December 31 Prior Year
BONDS								
1. Class 1 (a).....	705,419,570	378,406,702	387,824,291	(12,471,187)	700,751,832	705,419,570	683,530,794	688,196,438
2. Class 2 (a).....	91,424,563	10,119,742	5,519,466	7,865,951	78,490,553	91,424,563	103,890,790	78,092,823
3. Class 3 (a).....	591,413		132,238	2,873,044	616,806	591,413	3,332,219	168,684
4. Class 4 (a).....	0			100,000	0	0	100,000	0
5. Class 5 (a).....	438,140			(438,140)	0	438,140	0	0
6. Class 6 (a).....	0			81	0	0	81	0
7. Total Bonds	797,873,686	388,526,444	393,475,995	(2,070,251)	779,859,191	797,873,686	790,853,884	766,457,945
PREFERRED STOCK								
8. Class 1	5,995,256			(938,009)	3,855,306	5,995,256	5,057,247	448,000
9. Class 2	4,063,567		2,322,862	(127,180)	3,619,365	4,063,567	1,613,525	6,545,000
10. Class 3	0				0	0	0	0
11. Class 4	0				0	0	0	0
12. Class 5	0				0	0	0	0
13. Class 6	0				0	0	0	0
14. Total Preferred Stock	10,058,823	0	2,322,862	(1,065,189)	7,474,671	10,058,823	6,670,772	6,993,000
15. Total Bonds and Preferred Stock	807,932,509	388,526,444	395,798,857	(3,135,440)	787,333,862	807,932,509	797,524,656	773,450,945

(a) Book/Adjusted Carrying Value column for the end of the current reporting period includes the following amount of non-rated short-term and cash equivalent bonds by NAIC designation: NAIC 1 \$.....; NAIC 2 \$.....; NAIC 3 \$.....; NAIC 4 \$.....; NAIC 5 \$.....; NAIC 6 \$.....

SCHEDULE DA - PART 1

Short-Term Investments Owned End of Current Quarter					
	1	2	3	4	5
	Book/Adjusted Carrying Value	Par Value	Actual Cost	Interest Collected Year To Date	Paid for Accrued Interest Year To Date
8299999 Totals	85,309,579	XXX	85,309,579	655,800	

SCHEDULE DA - VERIFICATION

Short-Term Investments		
	1	2
	Year To Date	Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year.....	86,001,637	50,662,532
2. Cost of short-term investments acquired	173,354,173	231,639,814
3. Accrual of discount.....		
4. Unrealized valuation increase (decrease).....		0
5. Total gain (loss) on disposals.....		0
6. Deduct consideration received on disposals.....	174,046,231	196,300,708
7. Deduct amortization of premium.....		
8. Total foreign exchange change in book/adjusted carrying value.....		0
9. Deduct current year's other than temporary impairment recognized.....		
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9).....	85,309,579	86,001,638
11. Deduct total nonadmitted amounts.....		0
12. Statement value at end of current period (Line 10 minus Line 11)	85,309,579	86,001,638

Schedule DB - Part F - Section 1
NONE

Schedule DB - Part F - Section 2
NONE

Schedule E Verification
NONE

Schedule A - Part 2
NONE

Schedule A - Part 3
NONE

Schedule B - Part 2
NONE

Schedule B - Part 3
NONE

STATEMENT AS OF SEPTEMBER 30, 2008 OF THE Group Hospitalization and Medical Services, Inc.

SCHEDULE BA - PART 2

Showing Other Long-Term Invested Assets ACQUIRED During the Current Quarter

[illegible]

STATEMENT AS OF SEPTEMBER 30, 2008 OF THE Group Hospitalization and Medical Services, Inc.

SCHEDULE BA - PART 3

Showing Other Long-Term Invested Assets DISPOSED, Transferred or Repaid During the Current Quarter

[illegible]

STATEMENT AS OF SEPTEMBER 30, 2008 OF THE Group Hospitalization and Medical Services, Inc.

SCHEDULE D - PART 3

Show All Long-Term Bonds and Stock Acquired During the Current Quarter

1	2	3	4	5	6	7	8	9	10
CUSIP Identification	Description	Foreign	Date Acquired	Name of Vendor	Number of Shares of Stock	Actual Cost	Par Value	Paid for Accrued Interest and Dividends	NAIC Designation or Market Indicator ^(a)
3134A4-ZY-3	FED HOME LN MTG 5.750% 6/27/		09/18/2008	Various		349,433	350,000	4,584	1
3133MT-ZL-5	FEDERAL HOME LN BKS		09/15/2008	Various		3,670,488	3,500,000	53,813	1
3133XK-KW-4	FEDERAL HOME LN BKS		08/25/2008	Various		737,147	730,000	13,681	1
3134A4-VG-6	FEDERAL HOME LN MTG CORP		09/15/2008	Various		3,713,555	3,500,000	55,878	1
3137EA-AR-0	FEDERAL HOME LN MTG CORP		09/15/2008	Various		5,276,367	5,000,000	8,576	1
3137EA-BS-7	FEDERAL HOME LN MTG CORP		08/19/2008	Various		623,631	625,000		1
31359M-H8-9	FEDERAL NATL MTG ASSN		09/15/2008	Various		4,300,937	4,000,000	1,667	1
31359M-PF-4	FEDERAL NATL MTG ASSN		09/15/2008	Various		5,218,750	5,000,000	1,823	1
31359M-UT-8	FEDERAL NATL MTG ASSN		09/15/2008	Various		5,166,992	5,000,000	87,656	1
31398A-SD-5	FEDERAL NATL MTG ASSN		09/11/2008	Various		736,970	725,000	4,682	1
31398A-TL-6	FEDERAL NATL MTG ASSN		09/15/2008	Various		5,105,078	5,000,000	16,615	1
912810-FP-8	U.S. Treasury Bonds 5.375%		08/05/2008	Various		9,840,586	9,000,000	232,572	1
912810-FT-0	UNITED STATES TREAS BDS		08/21/2008	Various		21,677,226	22,000,000	286,557	1
912810-PT-9	UNITED STATES TREAS BDS		08/21/2008	VARIOUS		21,649,740	21,075,000	302,466	1
912810-PU-6	UNITED STATES TREAS BDS		08/21/2008	VARIOUS		23,983,415	22,375,000	267,600	1
912810-PW-2	UNITED STATES TREAS BDS		09/18/2008	VARIOUS		30,701,483	31,000,000	337,768	1
912810-PX-0	UNITED STATES TREAS BDS		09/18/2008	Various		54,170,000	52,000,000	763,533	1
912828-CT-5	UNITED STATES TREAS NTS		08/25/2008	Various		100,607	95,000	143	1
912828-GG-9	UNITED STATES TREAS NTS		07/24/2008	Various		8,285,652	8,000,000	172,253	1
912828-GH-7	UNITED STATES TREAS NTS		07/02/2008	Various		1,111,661	1,055,000	19,303	1
912828-HR-4	UNITED STATES TREAS NTS		07/09/2008	Various		194,078	200,000	2,885	1
912828-HZ-6	UNITED STATES TREAS NTS		07/24/2008	Various		8,410,677	8,500,000	66,760	1
912828-JD-3	UNITED STATES TREAS NTS		07/24/2008	Various		12,097,395	12,055,000	26,866	1
912828-JG-6	UNITED STATES TREAS NTS		08/21/2008	Various		1,361,645	1,350,000	2,027	1
912828-JH-4	UNITED STATES TREAS NTS		09/19/2008	VARIOUS		2,576,059	2,525,000	8,663	1
912810-PV-4	US TRSY INFL INDEX 1.750% 1/15/		07/23/2008	Various		8,550,976	9,000,000	7,079	1
0399999 - Total - Bonds - U.S. Government						239,610,545	233,660,000	2,745,447	XXX
3128M6-M6-2	FHLMC PC GOLD COMB 30		08/21/2008	Various		2,230,835	2,176,424	3,930	1
3128NH-VA-8	FHLMC PC II HYBRD ARM		07/25/2008	Various		5,931,610	5,798,428	20,391	1
31414X-ZC-9	FNMA PASS-THRU INT 15 YEAR		07/23/2008	Various		389,750	400,000	944	1
31371N-H4-0	FNMA PASS-THRU LNG 30 YEAR		08/04/2008	Various		2,325,071	2,218,811	5,177	1
31410F-5D-3	FNMA PASS-THRU LNG 30 YEAR		07/10/2008	Various		1,814,861	1,876,583	3,128	1
31410G-KA-0	FNMA PASS-THRU LNG 30 YEAR		07/10/2008	Various		606,497	627,123	1,045	1
31410K-NH-3	FNMA PASS-THRU LNG 30 YEAR		07/03/2008	Various		1,413,815	1,441,289	2,863	1
31414R-NH-4	FNMA PASS-THRU LNG 30 YEAR		07/11/2008	Various		667,960	686,352	1,335	1
31414T-SA-0	FNMA PASS-THRU LNG 30 YEAR		09/08/2008	Various		1,660,631	1,645,207	2,514	1
31415C-LL-9	FNMA PASS-THRU LNG 30 YEAR		07/11/2008	Various		653,490	671,484	1,306	1
31371N-LS-2	FNMA PASS-THRU LNG 10 7-10YR		07/30/2008	Various		2,702,564	2,654,045	5,750	1
31385X-HZ-3	FNMA PASS-THRU MEGA MULTI 7		08/21/2008	Various		169,983	174,566	551	1
31385W-UE-7	FNMA Pool #555081 6.329%		09/10/2008	Various		118,826	114,463	287	1
31410K-UK-8	FNMA POOL #889886 7.000% 12/01/		08/20/2008	Various		7,210,219	6,887,373	13,392	1
3199999 - Total - Bonds - Special Revenue						27,896,113	27,372,148	62,612	XXX
500472-AB-1	KONINKLIJKE PHILIPS ELECTRS NV	F	08/25/2008	Various		495,290	500,000	13,337	1FE
007924-AF-0	AEGON N V		09/10/2008	Various		543,576	575,000	7,890	1FE
008252-AK-4	AFFILIATED MANAGERS GROUP		09/17/2008	Various		1,207,264	1,200,000	5,017	2FE
018490-AL-6	ALLERGAN INC		09/30/2008	Exchange		618,359	615,000		1FE
026874-BU-0	AMERICAN INTL GROUP INC		08/13/2008	Various		1,150,000	1,150,000		1FE
02586G-AR-3	AMEX ISSUANCE TR 2008-2		08/01/2008	Barclays Capital		549,997	550,000		1FE
031162-AQ-3	AMGEN INC		07/14/2008	Various		2,151,000	2,400,000	4,150	1FE
035229-DC-4	ANHEUSER BUSCH COS INC		07/10/2008	Various		1,895,198	2,025,000	48,617	1FE
00184A-AC-9	AOL TIME WARNER INC		08/26/2008	Various		961,676	950,000	26,963	2FE
001957-BD-0	AT&T CORP. STEP UP		08/25/2008	Various		632,946	550,000	12,589	1FE
05522R-CG-1	BA CREDIT CARD TR 2008-9A		07/29/2008	Various		724,995	725,000		1FE
12189T-AV-6	BURLINGTON NORTHN SANTA FE CP		09/23/2008	Various		396,627	425,000	4,315	2FE
161630-AQ-1	CHASE MORTGAGE FIN TR 2007-A1		07/09/2008	Various		3,426,673	3,519,048	5,299	1FE
17312K-AQ-5	CITICORP MTG SEC REMIC 2007-5		09/10/2008	Various		3,201,867	3,701,580	7,917	1FE
189054-AQ-2	CLOROX CO DEL		09/12/2008	Various		1,982,100	2,000,000	4,444	2FE
191219-BS-2	COCA COLA ENTERPRISES INC		08/04/2008	Various		2,015,740	2,000,000	1,667	1FE
20030N-AU-5	COMCAST CORP NEW		08/28/2008	Various		575,523	575,000	10,868	2FE
224044-BH-9	COX COMMUNICATIONS INC NEW		08/26/2008	Various		533,071	550,000	12,436	2FE
12667G-UG-6	CWALT INC 2005-29CB		08/21/2008	Various		1,509,810	1,905,124	6,615	1FE

STATEMENT AS OF SEPTEMBER 30, 2008 OF THE Group Hospitalization and Medical Services, Inc.

SCHEDULE D - PART 3

Show All Long-Term Bonds and Stock Acquired During the Current Quarter

1	2	3	4	5	6	7	8	9	10
CUSIP Identification	Description	Foreign	Date Acquired	Name of Vendor	Number of Shares of Stock	Actual Cost	Par Value	Paid for Accrued Interest and Dividends	NAIC Designation or Market Indicator ^(a)
12668A-N2-7	CWALT INC 2005-69		07/11/2008	Various		181,348	259,299	441	1FE
263534-BT-5	DU PONT E I DE NEMOURS & CO		07/23/2008	Various		1,999,160	2,000,000		1FE
31410H-AQ-4	FEDERATED DEPT STORES INC DEL		08/21/2008	Various		366,692	450,000	12,506	2FE
36962G-ZY-3	General Electric Cap. Corp. 5.45%		09/03/2008	Various		357,616	350,000	2,808	1FE
404132-AB-8	HCC INS HLDGS INC		08/26/2008	Various		1,277,932	1,125,000	5,595	1FE
453414-AC-8	INDEPENDENCE CMNTY BK CORP		08/27/2008	VARIOUS		2,146,250	2,500,000	43,215	2FE
478160-AN-4	JOHNSON & JOHNSON		08/06/2008	Various		1,020,780	1,000,000	29,089	1FE
46627M-AU-1	JP MORGAN ALT LN TR 2005-S1		07/16/2008	Various		3,961,668	5,282,223	17,607	1FE
46625H-HA-1	JP MORGAN CHASE & CO		07/23/2008	Various		163,625	175,000	3,648	1FE
48632H-AA-5	KAUPTHING BK HF MED TM SUB BK		07/31/2008	Various		174,000	300,000	4,513	2FE
505861-AB-0	LAFARGE S A 6.500% 7/15/		07/15/2008	Various		167,365	175,000	95	2FE
55616X-AE-7	MACYS RETAIL HLDGS INC		07/08/2008	Various		430,398	425,000	1,395	2FE
55292A-AA-6	MASTR ASSET SEC TR 2007-1		08/08/2008	Various		2,133,957	2,438,808	4,471	1FE
655664-AK-6	NORDSTROM INC		09/24/2008	Various		234,893	250,000	3,212	1FE
71713U-AW-2	PHARMACIA CORP 6.600% 12/01/		07/29/2008	Various		1,038,460	1,000,000	11,000	1FE
78442F-EH-7	SLM CORP MTN BOOK ENTRY		08/26/2008	Various		273,000	300,000	5,000	2FE
929903-DF-6	WACHOVIA CORP NEW		07/25/2008	Various		596,808	675,000	384	1FE
94981Q-AF-5	WELLS FARGO MBS 2005-AR16		07/02/2008	Various		353,829	363,717	353	1FE
94984X-AQ-3	WELLS FARGO MBS 2007-2		07/18/2008	Various		4,450,000	5,000,000	17,569	1FE
94985T-AA-6	WELLS FARGO MBS 2007-3		09/10/2008	Various		4,110,135	5,372,725	8,274	1FE
983024-AJ-9	WYETH		08/28/2008	Various		251,828	250,000	688	1FE
984121-BQ-5	XEROX CORP		08/25/2008	Various		806,064	800,000	4,050	2FE
98385X-AT-3	XTO ENERGY INC		08/04/2008	Various		99,713	100,000		2FE
98934K-AB-6	ZENECA WILMINGTON INC		08/08/2008	Various		3,894,940	3,500,000	59,889	1FE
4599999 - Total - Bonds - Industrial, Misc.						55,062,170	60,007,525	407,925	XXX
6099997 - Total - Bonds - Part 3						322,568,828	321,039,673	3,215,983	XXX
6099999 - Total - Bonds						322,568,828	321,039,673	3,215,983	XXX
6599999 - Total - Preferred Stocks						0	XXX	0	XXX
72727*-10-1	Blue Venture		09/24/2008	Suntrust Capital	506,034.000	506,034			A
6799999 - Total - Common Stocks - Banks, Trusts, Insurance						506,034	XXX	0	XXX
539830-10-9	LOCKHEED MARTIN CORP		08/15/2008	Redemption	2,996,790	745,625			L
6899999 - Total - Common Stocks - Industrial, Misc.						745,625	XXX	0	XXX
922040-10-0	VANGUARD INSTITUTIONAL INDEX FUND		09/25/2008	Vanguard Group	1,113,789	123,018			L
921909-80-0	VANGUARD STAR FD		09/11/2008	Vanguard Group	2,312,847,715	26,000,000			L
7099999 - Total - Common Stocks - Mutual Funds						26,123,018	XXX	0	XXX
7299997 - Total - Common Stocks - Part 3						27,374,677	XXX	0	XXX
7299999 - Total - Common Stocks						27,374,677	XXX	0	XXX
7399999 - Total - Preferred and Common Stocks						27,374,677	XXX	0	XXX
7499999 - Totals						349,943,505	XXX	3,215,983	XXX

(a) For all common stock bearing the NAIC market indicator "U" provide: the number of such issues

STATEMENT AS OF SEPTEMBER 30, 2008 OF THE Group Hospitalization and Medical Services, Inc.

SCHEDULE D - PART 4

Show All Long-Term Bonds and Stock Sold, Redeemed or Otherwise Disposed of by the Company During the Current Quarter

1	2	3	4	5	6	7	8	9	10	Change in Book/Adjusted Carrying Value					16	17	18	19	20	21	22
										11	12	13	14	15							
CUSIP Identification	Description	Foreign	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consideration	Par Value	Actual Cost	Prior Year Book/Adjusted Carrying Value	Unrealized Valuation Increase/(Decrease)	Current Year's (Amortization)/ Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Change in B./A.C.V. (11 + 12 - 13)	Total Foreign Exchange Change in B./A.C.V.	Book/ Adjusted Carrying Value at Disposal Date	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Bond Interest/Stock Dividends Received During Year	Maturity Date	NAIC Designation or Market Indicator (a)
3133XH-PH-9.	FEDERAL HOME LN BKS.		08/01/2008.	VARIOUS.		4,128,281	4,000,000	4,000,956	4,000,675		(96)		(96)		4,000,580		127,702	127,702	139,750	11/18/2011.	1.
3133KX-XD-2.	FEDERAL HOME LN BKS.		08/01/2008.	VARIOUS.		4,112,968	4,000,000	3,973,750	3,978,033		5,161		5,161		3,983,193		129,775	129,775	141,917	05/14/2010.	1.
31359W-ZS-1.	FEDERAL NATL MTG ASSN.		08/01/2008.	VARIOUS.		8,158,437	8,000,000	7,893,437	7,899,791		28,781		28,781		7,928,572		229,865	229,865	237,417	12/15/2009.	1.
31359W-TZ-6.	FEDERAL NATL MTG ASSN.		08/01/2008.	VARIOUS.		5,005,078	5,000,000	4,804,950	4,926,945		37,514		37,514		4,964,460		40,618	40,618	158,438	02/15/2009.	1.
36225E-BM-3.	HYBRID		09/20/2008.	PRINCIPAL RECEIPT.		42,505	42,505	41,030	41,042		1,463		1,463		42,505			0	1,052	02/20/2037.	1.
36202E-E9-6.	GNMA PASS-THRU M SINGLE FAMILY.		09/20/2008.	PRINCIPAL RECEIPT.		558	558	567			(10)		(10)		558			0	11	09/20/2035.	1.
36202E-JG-5.	GNMA PASS-THRU M SINGLE FAMILY.		09/20/2008.	PRINCIPAL RECEIPT.		152,642	152,642	149,112	149,137		3,505		3,505		152,642			0	4,804	06/20/2036.	1.
36202E-QZ-5.	GNMA PASS-THRU X SINGLE FAMILY.		09/20/2008.	PRINCIPAL RECEIPT.		6,653	6,653	6,628			25		25		6,653			0	131	01/20/2038.	1.
36200N-YM-7.	GNMA PASS-THRU X SINGLE FAMILY.		09/15/2008.	PRINCIPAL RECEIPT.		22,068	22,068	22,087	22,087		(19)		(19)		22,068			0	801	04/15/2035.	1.
36291R-NN-8.	GNMA PASS-THRU X SINGLE FAMILY.		09/15/2008.	PRINCIPAL RECEIPT.		148,441	148,441	148,836	148,835		(394)		(394)		148,441			0	5,685	11/15/2034.	1.
36295N-A6-4.	GNMA POOL #780836		09/15/2008.	PRINCIPAL RECEIPT.		11,500	11,500	11,557			(58)		(58)		11,500			0	247	02/15/2038.	1.
36225A-4V-9.	8.25% 4/15/		09/15/2008.	PRINCIPAL RECEIPT.		4,595	4,595	4,881	4,810		(215)		(215)		4,595			0	266	04/15/2020.	1.
83162C-EV-1.	93-201		09/01/2008.	PRINCIPAL RECEIPT.		50,330	50,330	53,601	52,460		(2,130)		(2,130)		50,330			0	1,485	09/01/2013.	1.
83162C-LT-8.	SMALL BUS ADMIN GTD DEV PTC.		09/15/2008.	Merrill Lynch		89,134	89,134	95,151	94,231		(181)		(181)		94,050		(4,916)	(4,916)	5,709	09/01/2021.	1.
912810-FP-8.	U.S. Treasury Bonds		08/07/2008.	VARIOUS.		9,921,093	9,000,000	9,840,586			(117)		(117)		9,840,468		80,625	80,625	237,888	02/15/2031.	1.
912810-FM-5.	UNITED STATES TREAS BDS.		07/08/2008.	VARIOUS.		8,645,820	7,000,000	8,662,773			(9,041)		(9,041)		8,653,732		(7,913)	(7,913)	286,515	05/15/2030.	1.
912810-FT-0.	UNITED STATES TREAS BDS.		08/25/2008.	VARIOUS.		24,928,945	25,000,000	24,500,155	2,823,748		1,618		1,618		24,502,592		426,352	426,352	421,253	02/15/2036.	1.
912810-PT-9.	UNITED STATES TREAS BDS.		09/03/2008.	VARIOUS.		21,825,937	21,000,000	21,572,030			(297)		(297)		21,571,733		254,204	254,204	323,989	02/15/2037.	1.
912810-PU-6.	UNITED STATES TREAS BDS.		09/03/2008.	VARIOUS.		23,768,593	22,000,000	23,585,155			(673)		(673)		23,584,482		184,111	184,111	288,859	05/15/2037.	1.
912810-PW-2.	UNITED STATES TREAS BDS.		09/29/2008.	VARIOUS.		35,912,101	36,200,000	35,925,303			(92)		(92)		35,925,211		(13,110)	(13,110)	459,409	02/15/2038.	1.
912810-PX-0.	UNITED STATES TREAS BDS.		09/29/2008.	VARIOUS.		54,216,406	52,000,000	54,170,000			(645)		(645)		54,169,355		47,051	47,051	576,685	05/15/2038.	1.
912828-CA-6.	UNITED STATES TREAS NTS.		09/15/2008.	VARIOUS.		5,307,422	5,000,000	4,882,813	4,886,486		11,603		11,603		4,898,088		409,333	409,333	218,478	02/15/2014.	1.
912828-CH-1.	UNITED STATES TREAS NTS.		08/04/2008.	VARIOUS.		2,532,414	2,500,000	2,562,695			(22,173)		(22,173)		2,540,522		(8,109)	(8,109)	70,550	05/15/2009.	1.
912828-EG-1.	UNITED STATES TREAS NTS.		07/22/2008.	VARIOUS.		6,274,775	6,125,000	6,090,786			5,955		5,955		6,100,582		174,193	174,193	203,806	09/15/2010.	1.
912828-EN-6.	UNITED STATES TREAS NTS.		09/15/2008.	VARIOUS.		3,816,094	3,500,000	3,570,957			(5,362)		(5,362)		3,564,433		251,661	251,661	132,677	11/15/2015.	1.
912828-ES-5.	UNITED STATES TREAS NTS.		07/22/2008.	VARIOUS.		5,176,172	5,000,000	4,975,391	4,978,081		3,806		3,806		4,981,887		194,284	194,284	218,274	01/15/2011.	1.
912828-EW-6.	UNITED STATES TREAS NTS.		09/15/2008.	VARIOUS.		4,354,932	4,003,000	3,983,831	3,984,277		1,370		1,370		3,985,647		369,285	369,285	196,771	02/15/2016.	1.
912828-FN-5.	UNITED STATES TREAS NTS.		09/15/2008.	VARIOUS.		5,383,203	5,000,000	5,066,211	5,050,213		(9,267)		(9,267)		5,040,946		342,257	342,257	276,206	07/31/2011.	1.
912828-FY-1.	UNITED STATES TREAS NTS.		07/15/2008.	VARIOUS.		5,325,195	5,000,000	5,001,953	5,001,913		(95)		(95)		5,001,818		323,377	323,377	155,842	11/15/2016.	1.
912828-GH-7.	UNITED STATES TREAS NTS.		07/15/2008.	VARIOUS.		5,935,015	5,590,000	5,621,862	5,000,191		(18)		(18)		5,621,841		313,175	313,175	224,257	02/15/2017.	1.
912828-GM-6.	UNITED STATES TREAS NTS.		09/15/2008.	VARIOUS.		5,360,156	5,000,000	5,003,320	5,003,058		(469)		(469)		5,002,589		357,567	357,567	217,623	03/31/2012.	1.
912828-GZ-7.	UNITED STATES TREAS NTS.		09/22/2008.	VARIOUS.		320,352	300,000	315,152			(776)		(776)		314,376		5,975	5,975	8,747	07/31/2012.	1.
912828-HA-1.	UNITED STATES TREAS NTS.		07/11/2008.	VARIOUS.		85,706	80,000	87,163			(282)		(282)		86,881		(1,174)	(1,174)	1,566	08/15/2017.	1.
912828-HE-3.	UNITED STATES TREAS NTS.		09/15/2008.	VARIOUS.		5,337,695	5,000,000	4,979,492	4,980,341		2,676		2,676		4,983,016		354,679	354,679	205,533	09/30/2012.	1.
912828-HG-8.	UNITED STATES TREAS NTS.		09/15/2008.	VARIOUS.		3,683,613	3,500,000	3,493,027	3,493,225		911		911		3,494,136		189,477	189,477	119,778	10/31/2012.	1.
912828-HQ-6.	UNITED STATES TREAS NTS.		07/11/2008.	VARIOUS.		29,752	30,000	30,436			(25)		(25)		30,411		(659)	(659)	391	01/31/2013.	1.
912828-HR-4.	UNITED STATES TREAS NTS.		07/11/2008.	VARIOUS.		570,329	585,000	568,882			246		246		569,128		1,201	1,201	8,438	02/15/2018.	1.
912828-HT-0.	UNITED STATES TREAS NTS.		07/11/2008.	VARIOUS.		128,091	130,000	129,716			13		13		1,321		(1,638)	(1,638)	1,321	02/28/2013.	1.
912828-HX-1.	UNITED STATES TREAS NTS.		09/04/2008.	VARIOUS.		547,791	550,000	545,746			358		358		546,104		1,687	1,687	2,693	04/30/2010.	1.
912828-HZ-6.	UNITED STATES TREAS NTS.		09/08/2008.	VARIOUS.		5,430,781	5,400,000	5,342,875			416		416		5,343,291		87,490	87,490	59,389	05/15/2018.	1.
912828-JA-9.	UNITED STATES TREAS NTS.		09/04/2008.	VARIOUS.		14,403,491	14,400,000	14,300,812			5,234		5,234		14,306,047		97,444	97,444	57,252	05/31/2010.	1.
912828-JB-7.	UNITED STATES TREAS NTS.		09/11/2008.	VARIOUS.		12,536,679	12,170,000	12,071,061			4,583		4,583		12,075,644		461,035	461,035	124,650	05/31/2013.	1.
912828-JD-3.	UNITED STATES TREAS NTS.		09/11/2008.	VARIOUS.		9,239,204	9,105,000	9,133,567			(507)		(507)		9,133,060		106,144	106,144	44,208	06/30/2013.	1.
912828-JG-6.	UNITED STATES TREAS NTS.		09/08/2008.	VARIOUS.		1,366,891	1,350,000				(101)		(101)		1,361,543		5,347	5,347	4,952	07/31/2013.	1.
83162C-KM-4.	US SMALL BUS ADMIN GTD		07/01/2008.	PRINCIPAL RECEIPT.		14,457	14,457	14,457	14,457				0		14,457			0	1,119	01/01/2020.	1.
912810-PV-4.	US TRSY INFL INDEX		07/24/2008.	VARIOUS.		8,655,646	9,000,000	8,550,976			83		83		8,551,059		104,587	104,587	7,079	01/15/2028.	1.
0399999	- Bonds - U.S. Governments					312,967,937	302,060,882	307,127,371	76,198,458	0	62,278	0	62,278	0	307,334,954	0	5,632,983	5,632,983	5,853,910	XXX	XXX
31403D-DB-2.	FEDERAL NATL MTG AS		09/25/2008.	PRINCIPAL RECEIPT.		32,370	32,370	32,686	32,672		(302)		(302)		32,370			0	1,278	06/01/2035.	1.
3128KC-OJ-9.	6.000% 6/01/		09/15/2008.	PRINCIPAL RECEIPT.		6,214	6,214	6,089	6,090		124		124		6,214			0	236	07/01/2036.	1.
31292H-GP-3.	FHLMC GOLD POOL #C01106.		09/15/2008.	PRINCIPAL RECEIPT.		807		816			(9)		(9)		807			0	40	12/01/2030.	1.
31294J-KE-7.	FHLMC GOLD POOL #E00293.		09/15/2008.	PRINCIPAL RECEIPT.		17,128	17,128	17,654	17,217		(89)		(89)		17,128			0	793	04/01/2009.	1.

STATEMENT AS OF SEPTEMBER 30, 2008 OF THE Group Hospitalization and Medical Services, Inc.

SCHEDULE D - PART 4

Show All Long-Term Bonds and Stock Sold, Redeemed or Otherwise Disposed of by the Company During the Current Quarter

1	2	3	4	5	6	7	8	9	10	Change in Book/Adjusted Carrying Value					16	17	18	19	20	21	22
										11	12	13	14	15							
CUSIP Identification	Description	F o r e i g n	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consideration	Par Value	Actual Cost	Prior Year Book/Adjusted Carrying Value	Unrealized Valuation Increase/ (Decrease)	Current Year's (Amortization)/ Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Change in B./A.C.V. (11 + 12 - 13)	Total Foreign Exchange Change in B./A.C.V.	Book/ Adjusted Carrying Value at Disposal Date	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Bond Interest/Stock Dividends Received During Year	Maturity Date	NAIC Designation or Market Indicator (a)
31283K-F7-8..	FHLMC GOLD POOL #G11090-1YR		..09/15/2008..	PRINCIPAL RECEIPT..		21,059	21,059	21,832	21,552		(.493)		(.493)		21,059			.0	.833	..02/01/2015..	..1..
3128JW-BB-2..	FHLMC PC LIBOR YR GOLD		..09/15/2008..	PRINCIPAL RECEIPT..		180,168	180,168	175,383	175,390		4,778		4,778		180,168			.0	5,036	..08/01/2034..	..1..
3128MT-6K-9..	FHLMC PC 10/20 I I GOLD		..09/15/2008..	PRINCIPAL RECEIPT..		32,211	32,211	32,629	32,628		(.417)		(.417)		32,211			.0	1,324	..09/01/2037..	..1..
3128UN-CE-0..	FHLMC PC 10/20 I I GOLD		..09/15/2008..	PRINCIPAL RECEIPT..		63,703	63,703	64,629	64,630		(.927)		(.927)		63,703			.0	2,655	..09/01/2037..	..1..
31294L-PZ-0..	FHLMC PC CASH 15..		..09/15/2008..	PRINCIPAL RECEIPT..		85,185	85,185	86,609	86,524		(.1,338)		(.1,338)		85,185			.0	3,406	..12/01/2016..	..1..
31288B-6V-0..	FHLMC PC CASH 30..		..09/15/2008..	PRINCIPAL RECEIPT..		13,651	13,651	13,843	13,842		(.190)		(.190)		13,651			.0	.549	..11/01/2032..	..1..
3128MB-EG-8..	FHLMC PC COMB 15..		..09/15/2008..	PRINCIPAL RECEIPT..		101,835	101,835	102,229	102,221		(.386)		(.386)		101,835			.0	3,712	..03/01/2022..	..1..
312964-TT-6..	FHLMC PC COMB 15..		..09/15/2008..	PRINCIPAL RECEIPT..		14,997	14,997	15,062	15,054		(.57)		(.57)		14,997			.0	.550	..02/01/2019..	..1..
31283H-6C-4..	FHLMC PC COMB 30..		..09/15/2008..	PRINCIPAL RECEIPT..		120,007	120,007	122,314	122,304		(.2,296)		(.2,296)		120,007			.0	5,145	..12/01/2032..	..1..
31283H-6D-2..	FHLMC PC COMB 30..		..09/15/2008..	PRINCIPAL RECEIPT..		61,456	61,456	62,825	62,804		(.1,348)		(.1,348)		61,456			.0	2,608	..12/01/2031..	..1..
3128KT-L3-2..	FHLMC PC COMB 30..		..09/15/2008..	PRINCIPAL RECEIPT..		22,068	22,068	22,313	22,315		(.247)		(.247)		22,068			.0	.898	..07/01/2037..	..1..
3128M5-HJ-2..	FHLMC PC COMB 30..		..09/15/2008..	PRINCIPAL RECEIPT..		19,947	19,947	20,141	20,142		(.195)		(.195)		19,947			.0	.772	..06/01/2036..	..1..
3128M6-EF-1..	FHLMC PC COMB 30..		..09/15/2008..	PRINCIPAL RECEIPT..		7,411	7,411	7,031			379		379		7,411			.0	.63	..04/01/2038..	..1..
3128MJ-A5-9..	FHLMC PC COMB 30..		..09/15/2008..	VARIOUS..		2,293,169	2,333,821	2,297,789	2,298,114		1,059		1,059		2,299,173		(.6,004)	(.6,004)	.99,519	..12/01/2034..	..1..
31297H-FF-1..	FHLMC PC COMB 30..		..09/15/2008..	PRINCIPAL RECEIPT..		135,399	135,399	137,070	137,098		(.1,699)		(.1,699)		135,399			.0	5,416	..12/01/2034..	..1..
31349S-C9-2..	FHLMC PC ADJ 30YR I I		..09/15/2008..	PRINCIPAL RECEIPT..		144,238	144,238	139,544	139,521		4,717		4,717		144,238			.0	4,036	..10/01/2033..	..1..
3128NC-LA-0..	HYBRD ARM..		..09/15/2008..	PRINCIPAL RECEIPT..		105,355	105,355	103,795	103,797		1,558		1,558		105,355			.0	3,387	..09/01/2035..	..1..
31290K-VZ-9..	FHLMC POOL #555132..		..09/15/2008..	PRINCIPAL RECEIPT..		2,469	2,469	2,518		(.52)			(.52)		2,469			.0	.138	..07/01/2020..	..1..
31340W-UW-3..	FHLMC POOL# 181497..		..09/15/2008..	PRINCIPAL RECEIPT..		.733	.733	.731			.5		.5		.733			.0	.35	..12/01/2009..	..1..
313376-5S-6..	FHLMC REMIC 1832 F 6.5%..		..09/15/2008..	PRINCIPAL RECEIPT..		121,571	121,571	119,990	121,022		.549		.549		121,571			.0	5,313	..03/15/2011..	..1..
31397P-5M-8..	FHLMC REMIC SERIES 3389..		..09/15/2008..	PRINCIPAL RECEIPT..		156,955	156,955	158,525		(.1,570)			(.1,570)		156,955			.0	1,593	..12/15/2035..	..1..
31392W-ZB-0..	FHLMC REMIC SERIES T-051..		..09/25/2008..	PRINCIPAL RECEIPT..		15,231	15,231	15,459		(.861)			(.861)		15,231			.0	.669	..09/25/2043..	..1..
31392W-EM-0..	FHLMC REMIC SERIES T0041..		..09/25/2008..	PRINCIPAL RECEIPT..		13,945	13,945	14,485	13,936		.9		.9		13,945			.0	.655	..07/25/2032..	..1..
31392D-P9-7..	FNMA 2002-W8 A2 7%..		..09/25/2008..	PRINCIPAL RECEIPT..		8,479	8,479	8,895	8,529		(.49)		(.49)		8,479			.0	.393	..06/25/2042..	..1..
31359S-R6-9..	T4 CI A..		..09/25/2008..	PRINCIPAL RECEIPT..		19,229	19,229	19,836	19,480		(.251)		(.251)		19,229			.0	.930	..07/25/2028..	..1..
31402D-KW-9..	FNMA PASS-THRU ADJ LIBOR..		..09/25/2008..	PRINCIPAL RECEIPT..		254,680	254,680	248,393	248,353		6,327		6,327		254,680			.0	7,551	..08/01/2034..	..1..
31409U-WM-3..	FNMA PASS-THRU ADJ LIBOR..		..09/25/2008..	PRINCIPAL RECEIPT..		35,802	35,802	36,107	36,111		(.309)		(.309)		35,802			.0	1,272	..11/01/2035..	..1..
31411N-P5-0..	FNMA PASS-THRU ADJ LIBOR..		..09/25/2008..	PRINCIPAL RECEIPT..		8,189	8,189	8,173	8,173		.15		.15		8,189			.0	.278	..02/01/2037..	..1..
31407A-7G-0..	SINGLE FNMA PASS-THRU GNM-BK		..09/25/2008..	PRINCIPAL RECEIPT..		98,389	98,389	96,617	96,623		1,766		1,766		98,389			.0	2,917	..07/01/2035..	..1..
31381D-YY-5..	MGA 30 FNMA PASS-THRU 60V		..09/25/2008..	PRINCIPAL RECEIPT..		4,910	4,910	4,974	4,966		(.56)		(.56)		4,910			.0	.264	..05/20/2023..	..1..
31405F-D5-8..	SNGLE FAM..		..09/25/2008..	PRINCIPAL RECEIPT..		10,947	10,947	11,537	11,531		(.584)		(.584)		10,947			.0	.570	..10/01/2032..	..1..
31385W-5T-2..	YEAR FNMA PASS-THRU INT 15		..09/25/2008..	PRINCIPAL RECEIPT..		216,592	216,592	220,551	220,308		(.3,717)		(.3,717)		216,592			.0	8,764	..12/01/2017..	..1..
31391C-5F-8..	YEAR FNMA PASS-THRU INT 15		..09/25/2008..	PRINCIPAL RECEIPT..		5,134	5,134	5,125	5,125		.10		.10		5,134			.0	.190	..09/01/2017..	..1..
31391U-4Q-5..	YEAR FNMA PASS-THRU INT 15		..09/25/2008..	PRINCIPAL RECEIPT..		.383	.383	.382	.382		.1		.1		.383			.0	.13	..02/01/2018..	..1..
31402C-RT-1..	YEAR FNMA PASS-THRU INT 15		..09/25/2008..	PRINCIPAL RECEIPT..		257,456	257,456	259,065	258,951		(.1,496)		(.1,496)		257,456			.0	9,311	..12/01/2018..	..1..
31402R-D2-2..	YEAR FNMA PASS-THRU INT 15		..09/25/2008..	PRINCIPAL RECEIPT..		8,850	8,850	8,828	8,828		.22		.22		8,850			.0	.324	..03/01/2020..	..1..
31403C-ZZ-3..	YEAR..		..09/25/2008..	PRINCIPAL RECEIPT..		5,051	5,051	5,034	5,034		.17		.17		5,051			.0	.184	..06/01/2020..	..1..

STATEMENT AS OF SEPTEMBER 30, 2008 OF THE Group Hospitalization and Medical Services, Inc.

SCHEDULE D - PART 4

Show All Long-Term Bonds and Stock Sold, Redeemed or Otherwise Disposed of by the Company During the Current Quarter

1	2	3	4	5	6	7	8	9	10	Change in Book/Adjusted Carrying Value					16	17	18	19	20	21	22
										11	12	13	14	15							
CUSIP Identi- fication	Description	F o r e i g n	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consideration	Par Value	Actual Cost	Prior Year Book/Adjusted Carrying Value	Unrealized Valuation Increase/ (Decrease)	Current Year's (Amortization)/ Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Change in B./A.C.V. (11 + 12 - 13)	Total Foreign Exchange Change in B./A.C.V.	Book/ Adjusted Carrying Value at Disposal Date	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Bond Interest/Stock Dividends Received During Year	Maturity Date	NAIC Desig- nation or Market Indicator (a)
31403D-DK-2.	FNMA PASS-THRU INT 15 YEAR		09/25/2008.	PRINCIPAL RECEIPT.....		272,917	272,917	277,864	277,712		(4,795)		(4,795)		272,917			0	10,905	03/01/2021.	1.
31403R-KJ-6.	FNMA PASS-THRU INT 15 YEAR		09/25/2008.	PRINCIPAL RECEIPT.....		1,610	1,610	1,606	1,606		4		4		1,610			0	58	11/01/2018.	1.
31407F-BY-5.	FNMA PASS-THRU INT 15 YEAR		09/25/2008.	PRINCIPAL RECEIPT.....		66,772	66,772	64,925	64,943		1,829		1,829		66,772			0	2,045	08/01/2020.	1.
31410U-S2-9.	FNMA PASS-THRU INT 15 YEAR		09/25/2008.	PRINCIPAL RECEIPT.....		161,908	161,908	164,318	164,257		(2,349)		(2,349)		161,908			0	6,330	08/01/2021.	1.
31411A-JN-6.	FNMA PASS-THRU INT 15 YEAR		09/25/2008.	PRINCIPAL RECEIPT.....		288,066	288,066	292,657	292,623		(4,557)		(4,557)		288,066			0	11,133	11/01/2021.	1.
31414X-ZC-9.	FNMA PASS-THRU LNG 30 YEAR		09/25/2008.	PRINCIPAL RECEIPT.....		3,014	3,014	2,937			77		77		3,014			0	13	06/01/2023.	1.
31371K-ZZ-3.	FNMA PASS-THRU LNG 30 YEAR		09/25/2008.	PRINCIPAL RECEIPT.....		13,936	13,936	13,875	13,875		61		61		13,936			0	510	03/01/2033.	1.
31371N-H4-0.	FNMA PASS-THRU LNG 30 YEAR		09/25/2008.	PRINCIPAL RECEIPT.....		38,926	38,926	40,791		(1,864)		(1,864)	(1,864)		38,926			0	227	08/01/2037.	1.
31402C-4H-2.	FNMA PASS-THRU LNG 30 YEAR		09/25/2008.	PRINCIPAL RECEIPT.....		81,739	81,739	79,050	79,074		2,665		2,665		81,739			0	2,964	04/01/2034.	1.
31402C-PL-0.	FNMA PASS-THRU LNG 30 YEAR		08/25/2008.	VARIOUS.....		1,113,727	1,146,998	1,123,521			174		174		1,123,695		(9,968)	(9,968)	15,118	11/01/2033.	1.
31402C-U6-7.	FNMA PASS-THRU LNG 30 YEAR		09/25/2008.	VARIOUS.....		974,235	1,010,403	968,566	969,066		1,231		1,231		970,298		3,937	3,937	39,209	03/01/2034.	1.
31402E-X3-7.	FNMA PASS-THRU LNG 30 YEAR		08/25/2008.	VARIOUS.....		719,298	741,211	730,324			161		161		730,486		(11,188)	(11,188)	13,583	08/01/2033.	1.
31402Q-WA-5.	FNMA PASS-THRU LNG 30 YEAR		09/25/2008.	PRINCIPAL RECEIPT.....		23,730	23,730	23,111	23,109		621		621		23,730			0	857	01/01/2035.	1.
31402R-AQ-2.	FNMA PASS-THRU LNG 30 YEAR		09/25/2008.	PRINCIPAL RECEIPT.....		52,120	52,120	53,524	53,516		(1,397)		(1,397)		52,120			0	2,238	12/01/2032.	1.
31402R-AS-8.	FNMA PASS-THRU LNG 30 YEAR		09/25/2008.	PRINCIPAL RECEIPT.....		62,143	62,143	63,915	63,944		(1,801)		(1,801)		62,143			0	2,693	03/01/2035.	1.
31402R-H2-8.	FNMA PASS-THRU LNG 30 YEAR		09/25/2008.	PRINCIPAL RECEIPT.....		19,742	19,742	19,926	19,924		(182)		(182)		19,742			0	773	12/01/2032.	1.
31405X-C6-8.	FNMA PASS-THRU LNG 30 YEAR		09/25/2008.	PRINCIPAL RECEIPT.....		1,106	1,106	1,103			3		3		1,106			0	11	11/01/2034.	1.
31408H-3H-6.	FNMA PASS-THRU LNG 30 YEAR		09/25/2008.	PRINCIPAL RECEIPT.....		34,969	34,969	34,592	34,591		378		378		34,969			0	1,458	02/01/2036.	1.
31410F-2Q-7.	FNMA PASS-THRU LNG 30 YEAR		09/25/2008.	PRINCIPAL RECEIPT.....		2,725	2,725	2,718			7		7		2,725			0	56	08/01/2034.	1.
31410F-5D-3.	FNMA PASS-THRU LNG 30 YEAR		09/25/2008.	PRINCIPAL RECEIPT.....		14,127	14,127	13,662			465		465		14,127			0	59	10/01/2035.	1.
31410F-T6-2.	FNMA PASS-THRU LNG 30 YEAR		09/25/2008.	PRINCIPAL RECEIPT.....		5,350	5,350	5,317			33		33		5,350			0	118	02/01/2035.	1.
31410G-JS-3.	FNMA PASS-THRU LNG 30 YEAR		09/25/2008.	PRINCIPAL RECEIPT.....		48,483	48,483	48,347	48,348		135		135		48,483			0	1,915	04/01/2035.	1.
31410G-KA-0.	FNMA PASS-THRU LNG 30 YEAR		09/25/2008.	PRINCIPAL RECEIPT.....		3,962	3,962	3,831			130		130		3,962			0	17	12/01/2036.	1.
31410K-NH-3.	FNMA PASS-THRU LNG 30 YEAR		09/25/2008.	VARIOUS.....		955,208	963,856	945,482			103		103		945,585		9,623	9,623	6,177	05/01/2038.	1.
31410Q-NP-2.	FNMA PASS-THRU LNG 30 YEAR		09/25/2008.	PRINCIPAL RECEIPT.....		11,959	11,959	12,277			(318)		(318)		11,959			0	356	10/01/2036.	1.
31410V-MB-3.	FNMA PASS-THRU LNG 30 YEAR		09/25/2008.	PRINCIPAL RECEIPT.....		590	590	604	604		(14)		(14)		590			0	25	01/01/2037.	1.
31411Y-WC-3.	FNMA PASS-THRU LNG 30 YEAR		09/25/2008.	PRINCIPAL RECEIPT.....		38,873	38,873	39,810	39,826		(953)		(953)		38,873			0	1,583	06/01/2037.	1.
31412L-G4-6.	FNMA PASS-THRU LNG 30 YEAR		09/25/2008.	PRINCIPAL RECEIPT.....		775	775	793	793		(19)		(19)		775			0	34	04/01/2037.	1.
31413U-TP-4.	FNMA PASS-THRU LNG 30 YEAR		09/25/2008.	PRINCIPAL RECEIPT.....		4,829	4,829	4,946			(118)		(118)		4,829			0	161	12/01/2037.	1.
31414H-KB-2.	FNMA PASS-THRU LNG 30 YEAR		09/25/2008.	PRINCIPAL RECEIPT.....		29,955	29,955	30,704			(749)		(749)		29,955			0	883	01/01/2038.	1.
31414R-NH-4.	FNMA PASS-THRU LNG 30 YEAR		09/25/2008.	PRINCIPAL RECEIPT.....		4,342	4,342	4,226			116		116		4,342			0	25	03/01/2038.	1.
31415C-LL-9.	FNMA PASS-THRU LNG 10 YEAR		09/25/2008.	VARIOUS.....		316,589	331,478	322,595			151		151		322,746		(6,157)	(6,157)	3,192	05/01/2038.	1.
31371M-GM-4.	7-10YR.		09/25/2008.	PRINCIPAL RECEIPT.....		21,682	21,682	21,332	21,335		347		347		21,682			0	792	01/01/2037.	1.

STATEMENT AS OF SEPTEMBER 30, 2008 OF THE Group Hospitalization and Medical Services, Inc.

SCHEDULE D - PART 4

Show All Long-Term Bonds and Stock Sold, Redeemed or Otherwise Disposed of by the Company During the Current Quarter

1	2	3	4	5	6	7	8	9	10	Change in Book/Adjusted Carrying Value					16	17	18	19	20	21	22
										11	12	13	14	15							
CUSIP Identification	Description	F o r e i g n	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consideration	Par Value	Actual Cost	Prior Year Book/Adjusted Carrying Value	Unrealized Valuation Increase/ (Decrease)	Current Year's (Amortization)/ Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Change in B./A.C.V. (11 + 12 - 13)	Total Foreign Exchange Change in B./A.C.V.	Book/ Adjusted Carrying Value at Disposal Date	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Bond Interest/Stock Dividends Received During Year	Maturity Date	NAIC Designation or Market Indicator (a)
31371N-LS-2..	FNMA PASS-THRU LNG 10 7-10YR.....		..09/25/2008..	PRINCIPAL RECEIPT.....		..29,440.....	..29,440.....	..29,978.....			..(538).....		..(538).....		..29,440.....			..0.....	..159.....	..10/01/2037..	..1.....
31371N-T5-4..	FNMA PASS-THRU LNG 10 7-10YR.....		..09/25/2008..	PRINCIPAL RECEIPT.....		..12,941.....	..12,941.....	..12,931.....			..9.....		..9.....		..12,941.....			..0.....	..245.....	..04/01/2038..	..1.....
314130-PD-4..	FNMA PASS-THRU LNG 10 7-10YR.....		..09/25/2008..	PRINCIPAL RECEIPT.....		..57,554.....	..57,554.....	..59,226.....		..(1,673).....			..(1,673).....		..57,554.....			..0.....	..1,626.....	..10/01/2037..	..1.....
31414T-F9-7..	FNMA PASS-THRU LNG 10 7-10YR.....		..09/25/2008..	PRINCIPAL RECEIPT.....		..695.....	..695.....	..695.....					..0.....		..695.....			..0.....	..13.....	..03/01/2038..	..1.....
31385J-HW-1..	FNMA PASS-THRU MEGA MULTI 7.....		..09/25/2008..	PRINCIPAL RECEIPT.....		..751.....	..751.....	..777.....	..770.....	..(19).....			..(19).....		..751.....			..0.....	..31.....	..07/01/2012..	..1.....
31385X-HZ-3..	FNMA PASS-THRU MEGA MULTI 7.....		..09/25/2008..	PRINCIPAL RECEIPT.....		..4,763.....	..4,763.....	..4,628.....	..3,440.....	..124.....			..124.....		..4,763.....			..0.....	..109.....	..06/01/2013..	..1.....
31402C-SS-7..	FNMA PASS-THRU MEGA MULTI 7.....		..09/25/2008..	PRINCIPAL RECEIPT.....		..1,495.....	..1,495.....	..1,443.....	..1,451.....	..44.....			..44.....		..1,495.....			..0.....	..60.....	..04/01/2014..	..1.....
31403D-GP-8..	FNMA PASS-THRU MEGA MULTI 7.....		..09/25/2008..	PRINCIPAL RECEIPT.....		..9,697.....	..9,697.....	..10,061.....		..(364).....			..(364).....		..9,697.....			..0.....	..185.....	..02/01/2016..	..1.....
31402D-FV-7..	FNMA PASS-THRU INT 15 YEAR 725680.....		..09/25/2008..	PRINCIPAL RECEIPT.....		..86,427.....	..86,427.....	..90,849.....	..89,956.....	..(3,529).....			..(3,529).....		..86,427.....			..0.....	..3,713.....	..07/01/2017..	..1.....
31378H-UH-2..	FNMA Passthru Pool # 399384.....		..09/25/2008..	PRINCIPAL RECEIPT.....		..10,995.....	..10,995.....	..11,249.....	..11,114.....	..(120).....			..(120).....		..10,995.....			..0.....	..552.....	..09/01/2012..	..1.....
31371K-T9-2..	FNMA Pool #254476 5.5%.....		..09/25/2008..	PRINCIPAL RECEIPT.....		..20,492.....	..20,492.....	..20,556.....	..20,549.....	..(57).....			..(57).....		..20,492.....			..0.....	..767.....	..09/01/2032..	..1.....
31384V-ML-3..	FNMA Pool #535063 6.50%.....		..09/25/2008..	PRINCIPAL RECEIPT.....		..26,942.....	..26,942.....	..27,792.....	..27,478.....	..(336).....			..(336).....		..26,942.....			..0.....	..1,181.....	..12/01/2014..	..1.....
31385W-UE-7..	FNMA Pool #555081 6.329%.....		..09/25/2008..	PRINCIPAL RECEIPT.....		..4,505.....	..4,505.....	..4,989.....	..4,711.....	..(207).....			..(207).....		..4,505.....			..0.....	..332.....	..03/01/2012..	..1.....
31387D-3Q-0..	FNMA Pool #581407.....		..09/25/2008..	PRINCIPAL RECEIPT.....		..201.....	..201.....	..204.....	..204.....	..(3).....			..(3).....		..201.....			..0.....	..9.....	..06/01/2031..	..1.....
31405P-LQ-1..	FNMA Pool #795135.....		..09/25/2008..	PRINCIPAL RECEIPT.....		..17,128.....	..17,128.....	..16,716.....	..16,718.....	..410.....			..410.....		..17,128.....			..0.....	..511.....	..10/01/2034..	..1.....
31410F-UC-7..	FNMA Pool #888079.....		..09/25/2008..	PRINCIPAL RECEIPT.....		..136,115.....	..136,115.....	..139,204.....	..139,105.....	..(2,991).....			..(2,991).....		..136,115.....			..0.....	..5,726.....	..10/01/2026..	..1.....
31410G-AR-4..	FNMA Pool #888416.....		..08/25/2008..	VARIOUS.....		..613,624.....	..632,329.....	..605,998.....	..606,099.....	..442.....			..442.....		..606,541.....		..7,083.....	..7,083.....	..22,121.....	..09/01/2035..	..1.....
31410G-BT-9..	FNMA Pool #888450.....		..09/25/2008..	PRINCIPAL RECEIPT.....		..37,078.....	..37,078.....	..36,490.....	..36,492.....	..586.....			..586.....		..37,078.....			..0.....	..1,339.....	..08/01/2035..	..1.....
31410G-TM-5..	FNMA Pool #888956.....		..09/25/2008..	PRINCIPAL RECEIPT.....		..92,349.....	..92,349.....	..94,088.....	..94,096.....	..(1,747).....			..(1,747).....		..92,349.....			..0.....	..3,628.....	..03/01/2036..	..1.....
31410K-BE-3..	FNMA Pool #889337.....		..09/25/2008..	PRINCIPAL RECEIPT.....		..8,439.....	..8,439.....	..8,427.....		..12.....			..12.....		..8,439.....			..0.....	..152.....	..04/01/2038..	..1.....
31410K-MG-6..	FNMA Pool #889659.....		..09/25/2008..	PRINCIPAL RECEIPT.....		..26,201.....	..26,201.....	..25,220.....		..980.....			..980.....		..26,201.....			..0.....	..207.....	..12/01/2036..	..1.....
31374S-6A-4..	FNMA Pool 323165 6.0%.....		..09/25/2008..	PRINCIPAL RECEIPT.....		..7,753.....	..7,753.....	..8,098.....	..7,953.....	..(201).....			..(201).....		..7,753.....			..0.....	..310.....	..06/01/2013..	..1.....
31374T-PG-8..	FNMA Pool 323623 6.0%.....		..09/25/2008..	PRINCIPAL RECEIPT.....		..15,285.....	..15,285.....	..15,726.....	..15,552.....	..(267).....			..(267).....		..15,285.....			..0.....	..612.....	..03/01/2014..	..1.....
31384V-NW-8..	FNMA Pool 535105 5.00%.....		..09/25/2008..	PRINCIPAL RECEIPT.....		..10,963.....	..10,963.....	..10,144.....	..10,786.....	..177.....			..177.....		..10,963.....			..0.....	..370.....	..04/01/2009..	..1.....
31387H-3W-8..	FNMA Pool 585013.....		..09/25/2008..	PRINCIPAL RECEIPT.....		..14,799.....	..14,799.....	..15,402.....	..15,095.....	..(297).....			..(297).....		..14,799.....			..0.....	..611.....	..06/01/2014..	..1.....
31394U-ZK-1..	FNMA REMIC.....		..09/25/2008..	PRINCIPAL RECEIPT.....		..25,712.....	..25,712.....	..26,200.....	..26,136.....	..(424).....			..(424).....		..25,712.....			..0.....	..1,030.....	..10/25/2032..	..1.....
31359V-GF-4..	FNMA REMIC TR 1999-1.....		..09/25/2008..	PRINCIPAL RECEIPT.....		..132,757.....	..132,757.....	..137,840.....	..137,887.....	..(5,129).....			..(5,129).....		..132,757.....			..0.....	..5,704.....	..02/25/2029..	..1.....
31359V-XU-2..	FNMA REMIC TR 1999-13.....		..09/25/2008..	PRINCIPAL RECEIPT.....		..17,159.....	..17,159.....	..17,403.....	..17,396.....	..(238).....			..(238).....		..17,159.....			..0.....	..691.....	..04/25/2029..	..1.....
31392E-S8-4..	FNMA REMIC TRUST 2002-W10.....		..09/25/2008..	PRINCIPAL RECEIPT.....		..27,152.....	..27,152.....	..27,118.....	..27,116.....	..36.....			..36.....		..27,152.....			..0.....	..1,074.....	..08/25/2042..	..1.....
31392D-H7-0..	FNMA REMIC TRUST 2002-W6.....		..09/25/2008..	PRINCIPAL RECEIPT.....		..24,766.....	..24,766.....	..25,955.....	..25,955.....	..(1,189).....			..(1,189).....		..24,766.....			..0.....	..1,240.....	..06/25/2042..	..1.....
31394C-3N-0..	FNMA REMIC TRUST 2005-23.....		..09/25/2008..	PRINCIPAL RECEIPT.....		..135,185.....	..135,185.....	..134,298.....	..134,246.....	..939.....			..939.....		..135,185.....			..0.....	..4,946.....	..10/25/2032..	..1.....
31395N-U4-7..	FNMA REMIC TRUST 2006-59.....		..09/25/2008..	PRINCIPAL RECEIPT.....		..425,998.....	..425,998.....	..428,128.....		..(2,130).....			..(2,130).....		..425,998.....			..0.....	..13,651.....	..02/25/2029..	..1.....
31395B-5P-4..	FNMA REMIC TRUST 2006-W1.....		..09/25/2008..	PRINCIPAL RECEIPT.....		..224,066.....	..224,066.....	..213,703.....		..10,363.....			..10,363.....		..224,066.....			..0.....	..1,532.....	..02/25/2046..	..1.....
31397L-NJ-4..	FNMA REMIC TRUST 2008-40.....		..09/25/2008..	PRINCIPAL RECEIPT.....		..179,178.....	..179,178.....	..182,622.....		..(3,444).....			..(3,444).....		..179,178.....			..0.....	..2,608.....	..03/25/2031..	..1.....
38375J-B7-9..	GNMA REMIC TRUST 2007-18.....		..09/20/2008..	PRINCIPAL RECEIPT.....		..128,127.....	..128,127.....	..127,086.....	..127,066.....	..1,061.....			..1,061.....		..128,127.....			..0.....	..4,283.....	..05/20/2035..	..1.....
38375J-M9-3..	GNMA REMIC TRUST 2007-27.....		..09/20/2008..	PRINCIPAL RECEIPT.....		..72,745.....	..72,745.....	..72,881.....	..72,880.....	..(135).....			..(135).....		..72,745.....			..0.....	..2,233.....	..09/20/2036..	..1.....
38374D-GW-3..	GNMA REMIC TRUST 2007-80.....		..09/16/2008..	PRINCIPAL RECEIPT.....		..551,261.....	..551,261.....	..556,964.....	..117,562.....	..(5,702).....			..(5,702).....		..551,261.....			..0.....	..14,021.....	..07/16/2037..	..1.....
78444G-AA-2..	SLM STUDENT LOAN TR 2008-3.....		..07/25/2008..	PRINCIPAL RECEIPT.....		..14,353.....	..14,353.....	..14,353.....		..0.....			..0.....		..14,353.....			..0.....	..206.....	..01/25/2014..	..1.....
78444Y-AD-7..	SLM STUDENT LOAN TR 2008-5.....		..07/01/2008..	VARIOUS.....		..1,116,500.....	..1,100,000.....	..1,100,000.....		..0.....			..0.....		..1,100,000.....		..16,500.....	..16,500.....	..9,551.....	..07/25/2023..	..1.....
3199999 -	Bonds - Special Revenues					..14,434,362.....	..14,592,109.....	..14,457,408.....	..8,518,384.....	..0.....	..(23,781).....	..0.....	..(23,781).....	..0.....	..14,430,537.....	..0.....	..3,826.....	..3,826.....	..416,472.....	..XXX.....	..XXX.....
018490-AK-8..	ALLERGAN INC 1.500% 4/01/.....		..09/30/2008..	Exchange.....		..618,359.....	..615,000.....	..620,706.....	..619,004.....		..(645).....		..(645).....		..618,359.....			..0.....	..4,613.....	..04/01/2026..	..1FE.....
02148H-AR-2..	ALTERNATIVE LOAN TR 6.000% 11/25/.....		..09/25/2008..	PRINCIPAL RECEIPT.....		..24,375.....	..24,375.....	..24,604.....	..24,600.....	..(225).....			..(225).....		..24,375.....			..0.....	..977.....	..11/25/2036..	..1FE.....
02261W-AB-5..	ALZA CORP ZERO COUPON.....		..07/24/2008..	VARIOUS.....		..359,619.....	..375,000.....	..353,081.....	..354,943.....	..876.....			..876.....		..355,819.....		..3,800.....	..3,800.....		..07/28/2020..	..1FE.....

STATEMENT AS OF SEPTEMBER 30, 2008 OF THE Group Hospitalization and Medical Services, Inc.

SCHEDULE D - PART 4

Show All Long-Term Bonds and Stock Sold, Redeemed or Otherwise Disposed of by the Company During the Current Quarter

1	2	3	4	5	6	7	8	9	10	Change in Book/Adjusted Carrying Value					16	17	18	19	20	21	22
										11	12	13	14	15							
CUSIP Identification	Description	For e i g n	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consideration	Par Value	Actual Cost	Prior Year Book/Adjusted Carrying Value	Unrealized Valuation Increase/(Decrease)	Current Year's (Amortization)/ Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Change in B./A.C.V. (11 + 12 - 13)	Total Foreign Exchange Change in B./A.C.V.	Book/ Adjusted Carrying Value at Disposal Date	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Bond Interest/Stock Dividends Received During Year	Maturity Date	NAIC Designation or Market Indicator (a)
032511-AX-5.	ANADARKO PETE CORP.		07/17/2008.	VARIOUS		196,896	200,000	204,464			(181)		(181)		204,283		(7,387)	(7,387)	10,148	09/15/2016.	2FE
035229-DC-4.	ANHEUSER BUSCH COS INC.		07/14/2008.	VARIOUS		1,904,310	2,025,000	1,895,198			16		16		1,895,213		9,097	9,097	49,343	09/01/2037.	1FE
046353-AC-2.	ASTRAZENECA PLC		08/08/2008.	VARIOUS		2,061,860	2,000,000	2,014,080	2,013,548		(1,558)		(1,558)		2,011,990		49,870	49,870	99,300	09/15/2012.	1FE
00206R-AD-4.	AT&T INC.		07/17/2008.	VARIOUS		105,068	110,000	109,525	109,514		(3)		(3)		109,510		(4,443)	(4,443)	6,395	09/01/2037.	1FE
054303-AR-3.	AVON PRODS INC.		07/30/2008.	VARIOUS		1,710,000	2,000,000	1,762,140	1,789,311		8,723		8,723		1,798,035		(88,035)	(88,035)	88,433	07/15/2018.	1FE
05522R-CG-1.	BA CREDIT CARD TR 2008-9A		09/23/2008.	VARIOUS		708,857	725,000	724,995			469		469		725,464		(16,606)	(16,606)	3,934	07/15/2012.	1FE
05949C-CA-2.	BA MTG SECS INC 2005-F		09/25/2008.	PRINCIPAL RECEIPT.		57,927	57,927	52,134			5,793		5,793		57,927				1,190	07/25/2035.	1FE
060516-DX-4.	BANK AMER FDG CORP.		07/02/2008.	VARIOUS		55,732	60,000	59,679			4		4		59,683		(3,951)	(3,951)	622	05/01/2018.	1FE
060505-CK-8.	BANK OF AMERICA CORPORATION		07/11/2008.	VARIOUS		201,512	200,000	199,238	199,428		77		77		199,505		2,007	2,007	9,735	08/15/2011.	1FE
060505-DT-8.	BANK OF AMERICA CORPORATION		07/02/2008.	VARIOUS		212,625	225,000	225,000					0		225,000		(12,375)	(12,375)	3,453	12/29/2099.	1FE
07388D-AC-2.	BEAR STEARNS ARM TR 2006-2		09/25/2008.	PRINCIPAL RECEIPT.		16,467	16,467	16,066	15,998		469		469		16,467				642	07/25/2036.	1FE
073902-CE-6.	BEAR STEARNS COS INC.		07/15/2008.	VARIOUS		988,900	1,000,000	988,210			289		289		988,499		401	401	10,000	10/28/2010.	1FE
075811-AC-3.	BECKMAN COULTER INC.		07/24/2008.	VARIOUS		310,406	275,000	275,000	275,000		0		0		275,000		35,406	35,406	4,278	12/15/2036.	2FE
12189P-AG-7.	BURLINGTON NORTHERN SANTA FE 8.25%		07/15/2008.	Sink PMT @ 100.0000000.		29,559	29,559	29,559	29,559		0		0		29,559				2,439	01/15/2021.	1FE
16162W-HL-6.	CHASE MORTGAGE FIN CO 2004-S1		09/25/2008.	PRINCIPAL RECEIPT.		39,530	39,530	38,208	38,346		1,183		1,183		39,530				1,196	02/25/2019.	1FE
161630-AQ-1.	CHASE MORTGAGE FIN TR 2007-A1		09/25/2008.	PRINCIPAL RECEIPT.		112,847	112,847	109,884			2,962		2,962		112,847				613	02/25/2037.	1FE
17305E-DY-8.	CITIBANK CCIT 2007-A8		07/22/2008.	VARIOUS		680,366	700,000	696,045	696,851		136		136		696,987		(16,621)	(16,621)	32,852	09/20/2019.	1FE
172973-A6-6.	CITICORP MORTGAGE SECS 2004-S		09/25/2008.	PRINCIPAL RECEIPT.		7,173	7,173	7,027			146		146		7,173				84	08/25/2034.	1FE
172967-CK-5.	CITIGROUP INC.		07/17/2008.	VARIOUS		279,915	300,000	298,308			98		98		298,766		(18,851)	(18,851)	10,976	05/05/2014.	1FE
172967-EC-1.	CITIGROUP INC.		07/17/2008.	VARIOUS		61,748	75,000	74,011			7		7		74,025		(12,277)	(12,277)	2,852	05/29/2037.	1FE
20046P-AB-4.	COMM 2000-C1		09/15/2008.	PRINCIPAL RECEIPT.		28,941	28,941	31,137	30,381		(1,440)		(1,440)		28,941				1,290	08/15/2033.	1FE
22541L-AB-9.	CREDIT SUISSE FB 6.125% 11/15/11		07/08/2008.	VARIOUS		1,026,100	1,000,000	1,021,390	1,010,380		(1,261)		(1,261)		1,009,119		16,981	16,981	40,153	11/15/2011.	1FE
225458-UE-6.	CSFB MTG PTC 2005-5		09/25/2008.	PRINCIPAL RECEIPT.		37,661	37,661	38,097			(419)		(419)		37,661				0	07/25/2035.	1FE
12668A-Z3-2.	CWALT INC		09/25/2008.	PRINCIPAL RECEIPT.		17,186	17,186	17,244	17,250		(64)		(64)		17,186				631	12/25/2035.	1FE
126676-UG-6.	CWALT INC 2005-29CB		09/25/2008.	PRINCIPAL RECEIPT.		5,925	5,925	4,696			1,230		1,230		5,925				0	07/25/2035.	1FE
12668A-N2-7.	CWALT INC 2005-69		09/25/2008.	PRINCIPAL RECEIPT.		2,245	2,245	1,570			675		675		2,245				13	12/25/2035.	1FE
12668A-H7-3.	CWALT INC 2005-71		09/25/2008.	PRINCIPAL RECEIPT.		158,112	158,112	88,821	159,636		(12)	70,804	(70,816)		88,821		69,291	69,291	5,863	01/25/2036.	1FE
02146T-AA-5.	CWALT INC 2006-24CB		09/25/2008.	PRINCIPAL RECEIPT.		38,104	37,312	38,104			792		792		38,104				0	08/25/2036.	1FE
02148Y-AC-8.	CWALT INC 2006-42		09/25/2008.	PRINCIPAL RECEIPT.		272,259	272,259	249,798			22,461		22,461		272,259				0	01/25/2047.	1FE
02151A-AJ-9.	CWALT INC 2007-19		09/25/2008.	PRINCIPAL RECEIPT.		56,916	56,916	36,142			20,774		20,774		56,916				0	08/25/2037.	1FE
02149V-AU-3.	CWALT INC RESECURE 2006-3		09/25/2008.	PRINCIPAL RECEIPT.		155,311	155,311	147,157			8,154		8,154		155,311				0	03/25/2027.	1FE
02147L-AL-7.	22R		09/25/2008.	PRINCIPAL RECEIPT.		277,280	277,280	279,056	279,740		(2,460)		(2,460)		277,280				0	05/25/2036.	1FE
126694-HM-3.	CWMB5 INC 2005-25		09/25/2008.	PRINCIPAL RECEIPT.		36,030	36,030	35,760			270		270		36,030				828	11/25/2035.	1FE
235851-AF-9.	DANAHER CORP		07/24/2008.	VARIOUS		175,979	150,000	144,927	145,397		196		196		145,592		30,387	30,387		01/22/2021.	1FE
23322B-GB-8.	DLJ COMMERCIAL MTG 1999-CG3		09/10/2008.	PRINCIPAL RECEIPT.		3,217	3,217	3,450	3,440		(223)		(223)		3,217				150	10/10/2032.	1FE
263534-BT-5.	DU PONT E I DE NEMOURS & CO.		07/23/2008.	VARIOUS		2,000,640	2,000,000	1,999,160			0		0		1,999,160		1,480	1,480		07/15/2018.	1FE
292505-AF-1.	ENCANA CORP.		08/05/2008.	VARIOUS		29,483	30,000	29,949	29,949		2		2		29,951		(468)	(468)	1,200	12/01/2017.	1FE
297599-AC-6.	ETHAN ALLEN GLOBAL INC.		07/15/2008.	VARIOUS		651,981	690,000	661,489	665,666		1,358		1,358		667,024		(15,043)	(15,043)	29,567	10/01/2015.	2FE
31331F-AX-9.	FEDERAL EXPRESS 6.72% Sink PMT @ 100.0000000.		07/15/2008.	VARIOUS		6,624	6,624	7,443			(653)		(653)		6,624				0	01/15/2022.	1FE
32051G-XQ-3.	FIRST HORIZON MTG TR 2005-AR5		09/25/2008.	PRINCIPAL RECEIPT.		8,248	8,248	7,423			825		825		8,248				0	11/25/2035.	1FE
361849-KN-1.	GMAC COML MTG SECS 2000-C1		09/15/2008.	PRINCIPAL RECEIPT.		2,304	2,304	2,517	2,430		(126)		(126)		2,304				0	03/15/2033.	1FE
361849-ET-5.	GMAC COML MTGE SECS 1999-C1		09/15/2008.	PRINCIPAL RECEIPT.		82,211	82,211	84,372	83,179		(968)		(968)		82,211				0	05/15/2033.	1FE
361849-MK-5.	GMAC COML MTGE SECS 2000-C2		09/15/2008.	PRINCIPAL RECEIPT.		5,007	5,007	5,444	5,436		(429)		(429)		5,007				0	08/16/2033.	1FE
362334-CN-2.	GSR MTG LN TR 2006-2F		09/25/2008.	PRINCIPAL RECEIPT.		112,958	112,958	112,961			(3)		(3)		112,958				0	02/25/2036.	1FE
41162D-AF-6.	HARBORVIEW MTG LN TR 2006-12		09/19/2008.	PRINCIPAL RECEIPT.		4,522	4,522	3,313			1,210		1,210		4,522				0	12/19/2036.	1FE
42217K-AP-1.	HEALTH CARE REIT INC.		07/23/2008.	VARIOUS		555,100	500,000	513,966			(245)		(245)		513,721		41,379	41,379	15,635	12/01/2026.	2FE
459902-AN-2.	INTERNATIONAL GAME TECHNOLOGY		07/23/2008.	VARIOUS		1,224,797	1,275,000	1,273,875	1,273,890		13		13		1,273,904		(49,107)	(49,107)	20,535	12/15/2036.	2FE

STATEMENT AS OF SEPTEMBER 30, 2008 OF THE Group Hospitalization and Medical Services, Inc.

SCHEDULE D - PART 4

Show All Long-Term Bonds and Stock Sold, Redeemed or Otherwise Disposed of by the Company During the Current Quarter

1	2	3	4	5	6	7	8	9	10	Change in Book/Adjusted Carrying Value					16	17	18	19	20	21	22
										11	12	13	14	15							
CUSIP Identification	Description	F o r e i g n	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consideration	Par Value	Actual Cost	Prior Year Book/Adjusted Carrying Value	Unrealized Valuation Increase/(Decrease)	Current Year's (Amortization)/ Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Change in B./A.C.V. (11 + 12 - 13)	Total Foreign Exchange Change in B./A.C.V.	Book/ Adjusted Carrying Value at Disposal Date	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Bond Interest/Stock Dividends Received During Year	Maturity Date	NAIC Designation or Market Indicator (a)
466247-LR-2.	JP MORGAN ACCEPT 2005-A1. JP MORGAN ALT LN TR		09/25/2008.	PRINCIPAL RECEIPT.		35,176	35,176	29,899			5,276		5,276		35,176			.0	.675	02/25/2035.	1FE.
46627W-AU-1.	2005-S1.		09/25/2008.	PRINCIPAL RECEIPT.		92,570	92,570	69,428			23,143		23,143		92,570			.0	.668	12/25/2035.	1FE.
46625H-GY-0.	JP MORGAN CHASE & CO.		07/17/2008.	VARIOUS.		263,291	275,000	291,899		(385)			(385)		291,514		(28,223)	(28,223)	9,708	01/15/2018.	1FE.
46625H-HA-1.	JP MORGAN CHASE & CO.		07/02/2008.	VARIOUS.		209,813	225,000	225,000		.0			.0		225,000		(15,188)	(15,188)	3,703	12/29/2099.	1FE.
46625H-HF-0.	JP MORGAN CHASE & CO.		07/02/2008.	VARIOUS.		91,810	100,000	98,846		1			1		98,847		(7,037)	(7,037)	818	05/15/2038.	1FE.
46630G-AW-7.	JP MORGAN MTG TR 2007-A1.		09/25/2008.	PRINCIPAL RECEIPT.		24,906	24,906	24,351	24,402		505		505		24,906			.0	.678	07/25/2035.	1FE.
525170-BL-9.	LEHMAN ABS MTG 2003-1.		09/25/2008.	PRINCIPAL RECEIPT.		15,897	15,897	14,836			1,061		1,061		15,897			.0	.256	12/25/2033.	1FE.
	LEHMAN BROS HLDGS INC																				
52517P-5X-5.	MTN BE		08/25/2008.	VARIOUS.		107,508	115,000	114,903	114,906		7		7		114,914		(7,406)	(7,406)	6,575	09/26/2014.	1FE.
	LEHMAN BROS HLDGS INC																				
52517P-D5-7.	MTN BE		08/22/2008.	VARIOUS.		166,199	175,000	174,220	174,508		98		98		174,606		(8,407)	(8,407)	9,795	01/14/2011.	1FE.
539830-AP-4.	LOCKHEED MARTIN CORP.		08/15/2008.	VARIOUS.		2,685,053	1,920,000	2,213,221	2,197,134		(3,213)		(3,213)		2,193,920		491,132	491,132	646,475	08/15/2033.	1FE.
	MASTR ASSET SEC TR 2007-1.																				
55292A-AA-6.	1.		09/25/2008.	PRINCIPAL RECEIPT.		3,220	3,220	2,818			403		403		3,220			.0		11/25/2037.	1FE.
55265K-3R-8.	MASTR ASSET TR 2003-12.		09/25/2008.	PRINCIPAL RECEIPT.		23,073	23,073	23,019			54		54		23,073			.0	.708	12/25/2033.	1FE.
55265K-7Q-6.	MASTR ASSET TR 2004-3.		09/25/2008.	PRINCIPAL RECEIPT.		10,401	10,401	10,112	10,119		283		283		10,401			.0	.326	03/25/2019.	1FE.
	MCDONALDS CORP MED TERM																				
58013M-EF-7.	NT BE		07/10/2008.	VARIOUS.		2,329,302	2,340,000	2,296,921			50		50		2,296,971		32,331	32,331	55,283	03/01/2038.	1FE.
585055-AL-0.	MEDTRONIC INC.		07/24/2008.	VARIOUS.		324,563	300,000	313,125	309,874		(1,682)		(1,682)		308,193		16,370	16,370	3,550	04/15/2011.	1FE.
60871R-AA-8.	WOLSON COORS BREWING CO.		07/23/2008.	VARIOUS.		247,000	200,000	245,000	244,541		(4,629)		(4,629)		239,912		7,088	7,088	4,972	07/30/2013.	2FE.
617446-6Q-7.	MORGAN STANLEY.		07/02/2008.	VARIOUS.		307,291	325,000	337,435		(222)			(222)		337,213		(29,922)	(29,922)	5,801	04/01/2018.	1FE.
71644E-AJ-1.	PETRO-ODA.		08/13/2008.	VARIOUS.		141,509	150,000	149,676		1			1		149,677		(8,168)	(8,168)	2,635	05/15/2038.	2FE.
	PROVIDENT FDG MTG LN																				
743873-AW-1.	2005-1.		09/25/2008.	PRINCIPAL RECEIPT.		73,345	73,345	62,343			11,002		11,002		73,345			.0	1,705	05/25/2035.	1FE.
744320-AG-7.	PRUDENTIAL FINL INC.		07/24/2008.	VARIOUS.		2,642,625	2,700,000	2,794,859	2,793,597		(3,303)		(3,303)		2,790,294		(147,669)	(147,669)	23,469	12/12/2036.	1FE.
744448-BZ-3.	PUBLIC SERVICE CO COLO.		08/06/2008.	VARIOUS.		74,273	75,000	74,384	74,386		4		4		74,391		(118)	(118)	4,635	09/01/2037.	1FE.
	RESIDENTIAL FDG MTG																				
76111X-SD-6.	2005-S1.		09/25/2008.	PRINCIPAL RECEIPT.		6,425	6,425	6,189	6,215		210		210		6,425			.0	.198	02/25/2020.	1FE.
	SALOMON BROS MTG 7 2000-C1.																				
79548K-3J-5.	SCHLUMBERGER LTD.		09/15/2008.	PRINCIPAL RECEIPT.		16,645	16,645	18,023	17,970		(1,325)		(1,325)		16,645			.0	.803	02/18/2032.	1FE.
806857-AD-0.	SPRINT CAP CORP		07/24/2008.	VARIOUS.		671,369	270,000	323,944	303,084		(8,349)		(8,349)		294,736		376,633	376,633	3,793	06/01/2023.	1FE.
852060-AD-4.	STRUCTURED ADJ RATE		08/28/2008.	VARIOUS.		38,138	45,000	43,389	43,394		23		23		43,417		(5,280)	(5,280)	2,475	11/15/2028.	3FE.
	2006-8.																				
86361J-AN-0.	TEVA PHARMACEUTICAL FIN		09/25/2008.	PRINCIPAL RECEIPT.		23,803	23,803	18,788	23,833		(2)	5,043	(5,045)		18,788		5,015	5,015	.847	09/25/2036.	1FE.
	LLC.																				
88163V-AE-9.	UBS AG BRH MTN SR DEP NT		07/23/2008.	VARIOUS.		417,000	400,000	423,000			(694)		(694)		422,306		(5,306)	(5,306)	.992	02/01/2026.	2FE.
	BE.																				
90261X-EM-0.	UBS AG BRH MTN SR DEP NT		07/09/2008.	VARIOUS.		242,895	250,000	249,700	249,701		12		12		249,712		(6,817)	(6,817)	8,323	12/20/2017.	1FE.
	BE.																				
90261X-FA-5.	UNION PACIFIC RR.		07/02/2008.	VARIOUS.		167,790	175,000	173,912			15		15		173,926		(6,136)	(6,136)	2,040	04/25/2018.	1FE.
907833-AG-2.	Sink PMT @ 100.0000000.		07/02/2008.	VARIOUS.		.816	.816	.816	.816		.0		.0		.816			.0	.52	01/02/2020.	1FE.
	UNION PACIFIC RR CO																				
907833-AJ-6.	2000-1.		07/10/2008.	PRINCIPAL RECEIPT.		14,505	14,505	17,713	17,072		(2,567)		(2,567)		14,505			.0	1,160	01/10/2021.	1FE.
	VERIZON GLOBAL FUNDING																				
92344G-AW-8.	CORP 7.75%.		07/09/2008.	VARIOUS.		1,064,000	1,000,000	1,138,230	1,128,951		(1,288)		(1,288)		1,127,662		(63,662)	(63,662)	48,007	12/01/2030.	1FE.
929903-DT-6.	WACHOVIA CORP NEW.		07/02/2008.	VARIOUS.		127,894	140,000	139,408	139,433		23		23		139,456		(11,562)	(11,562)	4,539	06/15/2017.	1FE.
931142-CK-7.	WAL MART STORES INC.		07/08/2008.	VARIOUS.		3,038,010	3,000,000	3,061,530		(25)			(25)		3,061,505		(23,495)	(23,495)	79,083	08/15/2037.	1FE.
92922F-DE-5.	WAMU MTG CERT 2003-S8.		09/25/2008.	PRINCIPAL RECEIPT.		28,602	28,602	28,749		(147)			(147)		28,602			.0	.708	09/25/2018.	1FE.
92922F-UC-0.	WAMU MTG CERT 2004-CB2.		09/25/2008.	PRINCIPAL RECEIPT.		8,048	8,048	7,989		59			59		8,048			.0	.112	08/25/2019.	1FE.
92922F-W2-0.	WAMU MTG CERT 2005-AR10.		09/25/2008.	PRINCIPAL RECEIPT.		32,720	32,720	31,565		1,155			1,155		32,720			.0	.479	09/25/2035.	1FE.
93363N-AF-2.	WAMU MTG CERT 2006-AR12.		09/25/2008.	PRINCIPAL RECEIPT.		23,171	23,171	21,346		1,825			1,825		23,171			.0	.452	10/25/2036.	1FE.
93935P-AP-4.	WAMU PTC WWALT 2007-1.		09/25/2008.	PRINCIPAL RECE																	

SCHEDULE D - PART 4

10	Change in Book/Adjusted C
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(a) For all common stock bearing the NAIC market indicator "U" provide: the number of such issues*
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Schedule DB - Part A - Section 1

NONE

Schedule DB - Part B - Section 1

NONE

Schedule DB - Part C - Section 1

NONE

Schedule DB - Part D - Section 1

NONE



SUPPLEMENT FOR THE QUARTER ENDING SEPTEMBER 30, 2008 OF THE
Group Hospitalization and Medical Services, Inc.

MEDICARE PART D COVERAGE SUPPLEMENT

(Net of Reinsurance)

NAIC Group Code0380

NAIC Company Code53007

	Individual Coverage		Group Coverage		5 Total Cash
	1 Insured	2 Uninsured	3 Insured	4 Uninsured	
1. Premiums Collected.....	5,553,201	XXX		XXX	5,553,201
2. Earned Premiums.....	5,553,201	XXX		XXX	XXX
3. Claims Paid.....	4,744,776	XXX		XXX	4,744,776
4. Claims Incurred.....	4,787,364	XXX		XXX	XXX
5. Reinsurance Coverage and Low Income Cost Sharing - Claims Paid Net of Reimbursements Applied (a).....	XXX		XXX		0
6. Aggregate Policy Reserves - Change.....	0	XXX		XXX	XXX
7. Expenses Paid.....	1,011,165	XXX		XXX	1,011,165
8. Expenses Incurred.....	1,011,165	XXX		XXX	XXX
9. Underwriting Gain or Loss.....	(245,328)	XXX	0	XXX	XXX
10. Cash Flow Results	XXX	XXX	XXX	XXX	(202,740)

(a) Uninsured Receivable/Payable with CMS at End of Quarter: \$ due from CMS or \$ due to CMS